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# JAMAICA

## MICRO, SMALL & MEDIUM ENTERPRISES (MSME) & ENTREPRENEURSHIP POLICY

PREPARED BY:  
MINISTRY OF INDUSTRY, COMMERCE, AGRICULTURE AND FISHERIES  
IN COLLABORATION WITH NATIONAL STAKEHOLDERS

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## LIST OF ABBREVIATIONS AND ACRONYMS

AFI	Approved Financial Institution
AMID	Agricultural Marketing Information Division
BDO	Business Development Office
BDS	Business Development Services
BOJ	Bank of Jamaica
BERA	Business Environment Reform Agenda
CAC	Consumer Affairs Commission
CAP	Career Advancement Programme
CariBEN	Caribbean Business Enablers Network
CARICOM	Caribbean Community
CBO	Community Based Organization
CO	Cabinet Office
COJ	Companies Office of Jamaica
DBJ	Development Bank of Jamaica
DBR	Doing Business Report
EGC	Economic Growth Council
EVAO	Estimated Value of Agricultural Operations
EXIM Bank	Export and Import Bank of Jamaica
FBO	Faith-Based Organization
FCG	Foundation for Competitiveness and Growth
FIS	Financial Inclusions Strategy
FOBs	Family-Owned Businesses
GCT	General Consumption Tax
GDP	Gross Domestic Product
GEM	Global Entrepreneurial Monitor
GOJ	Government of Jamaica
HEART/NTA	Human Employment and Resource Training/National Training Agency
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IP	Intellectual Property
JACAP	Jamaica Association of Composers, Authors and Publishers
JAMCOPY	Jamaican Copyright Licensing Agency
JAMMS	Jamaica Music Society
JAMFA	Jamaica Micro-Finance Association
JAMFIN	Jamaica Association of Micro Finance
JAMPRO	Jamaica Promotions Corporation
JANAAC	Jamaica National Agency for Accreditation
JBA	Jamaica Bankers Association
JBDC	Jamaica Business Development Corporation
JCA	Jamaica Customs Agency
JCC	Jamaica Chamber of Commerce
JCSA	Jamaica Central Securities Depository
JEA	Jamaica Exporters' Association
JEF	Jamaica Employers' Federation
JIPO	Jamaica Intellectual Property Office
JMA	Jamaica Manufacturers' Association
JSE	Jamaica Stock Exchange
JSIF	Jamaica Social Investment Fund
MDAs	Ministries, Departments and Agencies

## LIST OF ABBREVIATIONS AND ACRONYMS

MDGs	Millennium Development Goals
ME	Micro Enterprises
MCGES	Ministry of Culture, Gender, Entertainment and Sports
MFAFT	Ministry of Foreign Affairs and Foreign Trade
MFI	Micro financing Institution
MICAF	Ministry of Industry, Commerce, Agriculture and Fisheries
MFPS	Ministry of Finance and the Public Service
MSME	Micro, Small and Medium-Sized Enterprise
MEYI	Ministry of Education, Youth and Information
NCC	National Competitiveness Council
NCST	National Commission on Science and Technology
NCU	Northern Caribbean University
NCR	National Collateral Registry
NDP	National Development Plan
NES2	National Export Strategy 2
NHT	National Housing Trust
NIS	National Insurance Scheme
OAS	Organization of American States
OECD	Organization of Economic Cooperation and Development
PC Bank	Peoples Cooperative Bank
PIOJ	Planning Institute of Jamaica
PSC	Policy Steering Committee
PSOJ	Private Sector Organization of Jamaica
RADA	Rural Agricultural Development Authority
SBAJ	Small Business Association of Jamaica
SBDC	Small Business Development Centre
SDC	Social Development Commission
SDGs	Sustainable Development Goals
SDT	Special and Differential Treatment
SE	Social Enterprise or Social Economy
SELA	Latin American and Caribbean Integration System
SEZ	Special Economic Zone
SEBI	Social Enterprise Boost Initiative
SIPP	Security Interest in Personal Property
SME	Small and Medium Enterprises
SPI	Social Progress Index
SRC	Scientific Research Council
STATIN	Statistical Institute of Jamaica
STR	Secured Transaction Regime
TAJ	Tax Administration Jamaica
TWG	Thematic Working Group
UTECH	University of Technology
UWI	University of the West Indies
WB	World Bank
WENC	Women's Entrepreneurial Network of the Caribbean
WOBs	Women-Owned Businesses
YEA	Young Entrepreneurs Association

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The newly established MSME Division within MICAF worked along with the Planning and Policy Division to spearhead the review process, but it must also be recognized that several other MICAF Divisions willingly provided their staff to support the research and consultation processes. In fact, MICAF thanks all its stakeholders island-wide and across various sectors for their dedication, time and intellect.

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MICAF also recognizes that policy development is a dynamic process, and that the policy framework governing MSMEs and Entrepreneurship must be responsive so that strategic and synergistic support can be provided. There have been several new projects, programmes, pieces of legislation and initiatives impacting MSMEs since the Policy was first tabled in the Houses of Parliament in May 2013.

Cabinet, therefore, deemed it appropriate that MICAF undertakes a limited review and updating of the Policy. Cabinet also mandated that an Implementation Plan be prepared for the updated Policy.

This policy framework continues to be catalyst for the implementation of various strategies contained in this document, the successful execution of which will require an inclusive and participatory approach by all stakeholders, as well as, adequate funding.

## EXECUTIVE SUMMARY

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MSMEs have been identified as important drivers of equity, economic growth and sustained development in Jamaica. These enterprises create and retain wealth, generate employment, and provide the support for private sector growth and expansion.

It is estimated that classified tax-paying MSMEs account for 97.6% of all classified and registered enterprises in Jamaica (TAJ, 2015). When this is combined with over 412,000 own-account-workers (STATIN, 2015) it becomes evident that MSMEs represent a significant force in the Jamaican economy.

Despite their economic significance, MSMEs continue to face major challenges that hinder their growth and development. The challenges facing MSMEs in Jamaica are both internal and external to their operations. Many businesses are characterized by entrepreneurs that lack marketing capacity, operational capacity, business leadership, financial acumen, communication skills, and are generally unfamiliar with available business support services.

There are some issues which can be considered fundamental or foundation issues and ‘getting these right’ can significantly improve the outlook for MSME development. One such issue is the significant level and extent of business informality among Jamaican MSMEs. This remains one of the major challenges inhibiting to the growth and development of the sector<sup>1</sup>. Informality limits access to support services, financing and markets. It is, therefore, important that GOJ develops policy options to simplify processes to increase the participation rate of informal MSMEs into the formal sector, specifically among the ‘*micro*’ category.

Challenges in accessing capital and the associated issues such as the availability of appropriate and adequate collateral for borrowing; the higher than normal interest rates, and the inability of the enterprise to manage the financing, are often cited as fundamental constraints to MSME development. In addition, inadequate training, insufficient business development support, low innovation capacity, low technology utilization, low productivity, among MSME continue to adversely impact their competitiveness.

It is therefore important that the GOJ places MSME development at the forefront of the country’s economic policy agenda. The MSME and Entrepreneurship Policy is therefore intended to provide a coordinated, coherent and targeted framework for the development and growth of MSMEs.

The Policy clarifies that MSMEs are multi-sectoral, and enterprises in any economic sector that falls with the definition threshold for turnover would be categorized as an MSME. This includes the agricultural sector. RADA for example, has 161,504 farmers on its registration database. Of this total, 30.4% are female. The infusion of commercial business principles with modern farming techniques is an important policy principle for the development of agricultural MSMEs.

There is increasing importance of the role that the social economy can play in Jamaica’s development. In this respect, a significant addition to this updated Policy is the inclusion of the social economy and the business enterprises that operate within it (‘social enterprises’).

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<sup>1</sup> MSMEs are frequently referred to as a sector but some argue that they are not a true ‘sector’ of the economy, This Policy uses the term ‘sector’ in the ordinary meaning of the word that is “an area or portion that is distinct from others” (Oxford Dictionary). This is an accepted convention in academic literature, for example, the public sector, the private sector, the informal sector etc.

Cross cutting issues of gender, youth, persons with special abilities (disabilities) and environmental stewardship are considered central to foster sustainability, impact and equity. As such, special emphasis is placed in the Policy regarding the contribution that these groups can make to MSME growth and development.

The policy development process is underpinned by comprehensive research, including the convening of a Validation Workshop to arrive at consensus related to a revised definition for MSME that uses annual turnover threshold as the primary determinant for MSMEs. There were a series of vertical and horizontal consultations involving key MDAs, the private sector and associations representing MSMEs.

National consultations were held in Kingston and St. Andrew, Manchester and St. James, in order to garner feedback from a wide cross-section of stakeholders. In addition, a Validation Workshop was convened to facilitate feedback on the adequacy, relevance and overall acceptability of the Policy. **Appendix I** contains a list of the major stakeholders who made significant contributions.

Six key priority areas have been identified in the Updated Policy, and a chapter has been developed for each priority. These are the same priority as the 2013 Policy, with the exception of Social Value Creation, which has been added as a new chapter. The six key priority areas are highlighted in the table below:



**Table: I Priority Areas in the Updated Policy**

<b>NO.</b>	<b>PRIORITY AREA</b>	<b>THE ISSUE</b>
<b>1</b>	<b>Creating an Enabling Business Environment</b>	The high levels of bureaucracy, coupled with high transaction costs, are not conducive to the development and growth of MSMEs in Jamaica. The redesign and simplification of procedures underpinned by targeted business education are the two primary strategies recommended to tackle the policy elements that have been identified.
<b>2</b>	<b>Increasing Finance to the Sector</b>	A major challenge confronting MSMEs is their limited ability to access adequate and affordable financing sources. The policy strategies place emphasis on innovative mechanisms to increase the supply of financing options to the sector. Emphasis will be placed on improving the Secured Transactions Reforms to ensure an enabling environment for the acceptance of non-traditional moveable collateral such as: accounts receivables, equipment leasing, factoring and intellectual property for financing
<b>3</b>	<b>Enhancing Business and Development Support</b>	Access to training and other capacity building opportunities are critical to the growth and development of the MSME sector. The JBDC will lead the process of training MSMEs, with support provided by other key state and non-state actors. The adoption of the successful SBDC network model will be implemented in Jamaica.
<b>4</b>	<b>Fostering a Culture of Entrepreneurship</b>	The policy goal which speaks to developing a deep-seated culture of entrepreneurship in Jamaica has the potential to transform the economy. The introduction of entrepreneurship in the curricula of all primary, secondary and tertiary institutions will be a game-changing strategy. Other strategies will focus on exposing the youths to the digital economy: coding, animation and robotics, and how they are used to support and enhance venture creation. A critical feature in going forward will be the monetization/commercialization of innovation, inventions and intellectual property.
<b>5</b>	<b>Social Value Creation</b>	The Policy addresses the issue of social value creation against the background that MSMEs are faced with several social challenges driven by a general deterioration in the country’s social capital. The emergence of social enterprises as a vibrant complementary sector over the last few years has been impactful on communities. Social enterprises are agents for development and can play an important role in maintaining community infrastructure and providing services for the community while solving social issues; contributing to employment, and generating sustainable income. To this end, the Policy serves as a platform for supporting the work of social enterprises and promoting social value creation.
<b>6</b>	<b>Tackling Cross-Cutting Issues</b>	The Policy addresses “cross-cutting” issues such as the collaboration among government entities, associations representing MSMEs, and trade associations to foster greater social capital among MSMEs through various programmes; targeting youth, gender, persons with disabilities and environmental stewardship.

The implementation of the key strategies will be effected through the use of an Implementation Plan, which is contained in **Annex I**. This is crucial as the Policy seeks to generate outputs, but more importantly, facilitate the generating and measuring of outcomes and impact from support provided.

Research and consultations informed the policy elements, issues, objectives, strategies and activities which are key components of the document. The objectives, strategies and activities address all the components in the entrepreneurship process from governance, opportunity recognition to implementing and harvesting the venture by way of a Strategy Map. This is contained in **Annex II**.

MICAF is committed to coordinating the implementation of strategies. As such, MICAF established a MSME Division with specific responsibility to guide and facilitate the effective implementation of the Policy.

## CHAPTER 1

### INTRODUCTION

The GOJ has finalized a MSME and Entrepreneurship Policy in 2013 which provided a comprehensive, targeted and coherent framework to promote an entrepreneurial sector, characterized by innovative and competitive businesses, supported by an enabling institutional and regulatory business environment.

The 2013 MSME and Entrepreneurship Policy was developed within the context of the Jamaica's economic recovery from the worst global economic recession since the Great Depression. There are significant opportunities in Jamaica that, if harnessed, supported and leveraged properly, the MSME sector can be better positioned to add significantly more contribution to economic growth and wealth creation.

The updated 2017 Policy Document incorporates new developments and recognizes social economy stakeholders, specifically social enterprises. Since 2013 there have been a number of policy changes, legislative and regulatory adjustments, institutional reforms, macro-economic developments and far-reaching initiatives that impacts MSMEs.

These developments have driven the need for a comprehensive review the 2013 MSME and Entrepreneurship Policy. An outline of the developments, in chronological order, is contained **Appendix IV**. A summary of the main developments are highlighted in Table 1-1 below:

**Table 1-1: Recent Developments in the MSME Sector**

AREA	RECENT DEVELOPMENTS
<b>Business Environment</b>	<ul style="list-style-type: none"><li>▪ The IMF approved a 4 year Extended Fund Facility for Jamaica in May 2013, designed to strengthen the stability of the Jamaican macro-economy;</li><li>▪ The Staff Level Agreement with IMF for a 3 Year Precautionary Standby Facility in October 2016 to include reforms geared towards generating faster growth and employment;</li><li>▪ The establishment of the Economic Growth Council and the publication of a “Call to Action” that requires specific reforms to improve the business environment;</li><li>▪ A Trade Facilitation Task Force was established to improve the trading environment in Jamaica and these efforts are ongoing;</li><li>▪ Passage of Insolvency Legislation and Regulations and the establishment of institutional arrangements creating an enabling environment for the rehabilitation of debtors and preservation of viable companies, with due regard to the protection of the rights of creditors;</li><li>▪ The passage of the Omnibus Legislation in December 2013 governing the granting of tax incentives;</li></ul>

	<ul style="list-style-type: none"> <li>▪ The establishment of a MSME Division within MICAF to drive implementation of the Policy;</li> <li>▪ Medium-term Socio-Economic Policy Framework 2018-2021;</li> <li>▪ The Passage of the Public Procurement Act with Provisions for Special and Differential Treatment Regulations;</li> <li>▪ Draft National Craft, Microcredit and National Quality Policies;</li> <li>▪ Draft CARICOM MSME Policy;</li> <li>▪ Establishment of the MSME Thematic Work Group;</li> <li>▪ Passage of the Special Economic Zones Act.</li> </ul>
<b>Finance to the MSME Sector</b>	<ul style="list-style-type: none"> <li>▪ Implementation of Secured Transactions Reforms (STRs) with the enactment of the SIPP Act and the establishment of an electronic Collateral Registry. The STRs are geared towards improving MSME access to credit through various financing options, such as an asset-based lending regime that allows several classes of non-traditional assets to be used as collateral;</li> <li>▪ Development of a National Financial Inclusion Strategy by Cabinet which has a strong emphasis on greater inclusion of the MSME sector in service by the formal financial sector;</li> <li>▪ The BOJ approved a lower capital requirement for banks' lending under the DBJ Credit Enhancement Fund, making loans to the SME sector more attractive to the banking sector;</li> <li>▪ The introduction of several financing initiatives directly targeting MSMEs. These include the DBJ's Venture Capital Voucher for Technical Assistance and IGNITE programs, Start-Up Jamaica Program, the HEART TRUST's MSME Support and Financing Program, the EXIM Bank's special J\$1 billion loan window at 4.5% for SMEs and the DBJ IGNITE Program with an emphasis on innovative MSMEs.</li> </ul>
<b>Business and Development Support to MSMEs</b>	<ul style="list-style-type: none"> <li>▪ Implementation of Phase I of the OAS/SBDC Pilot program by the JBDC with recommendations for the introduction of a Phase-2 program for increasing the delivery of business development services island-wide;</li> <li>▪ Establishment of the Tourism Linkages Council, and the introduction of targeted networks by the Ministry of Tourism to create and sustain linkages with productive industries;</li> <li>▪ Establishment of the MSME Financing Task Force, and Report outlining the issues impacting MSMEs access to financing with specific recommendations for improving the supply-side financing.</li> </ul>
<b>UN's 17 Sustainable Development Goals</b>	<ul style="list-style-type: none"> <li>▪ The announcement by the UN of 17 Sustainable Development Goals (SDGs) replacing the Millennium Development Goals (MDGs);</li> <li>▪ The underpinning focus of the SDGs on creating economic, social and environmental value for all.</li> </ul>

The inclusion of the social economy in the updated Policy recognizes that all social enterprises that meet the size definition are MSMEs (but not all MSMEs are social enterprises). Social enterprises are mission-driven entities that establish an independent sustained source of income through which they can finance operations and programmes, while generating a social and financial rate of return on investment.

The goal in relation to social enterprises is the establishment of growth ventures that are underpinned by good governance and ethical practices. Jamaica has a significant global cultural footprint, MSMEs can play a significant role in securing and generating value propositions along the entire value chain of the creative and cultural economy.

The continued effort to establish Jamaica as a logistics centre can present significant opportunities for venture creation, including MSMEs as well as large enterprises. Jamaica, because of its central location and natural harbour, presents an opportunity for sea transport, including cruise ships. This will translate to increased demand for various goods and services.

It is within this context that the Policy becomes critical, not just to provide for facilitation at the level of the enterprise, but in ensuring an enabling environment for the establishment of formal and structured enterprises. The Policy is segmented into **twelve (12) chapters** as follows:

- **Chapters 2 and 3** provide definitions and discussions on key issues and description of the MSME sector based on empirical data;
- **Chapter 4** outlines the vision, mission, goals and guiding principles of the Policy;
- **Chapters 5 to 10** cover the key Policy Elements;
- **Chapter 11** covers MSME financing considerations;
- Monitoring and Evaluation aspects are covered in **Chapter 12**.

The Policy Document contains a detailed costed 5-Year Implementation Plan in **Annex I**, while a Strategy Map aligning the Policy to the entrepreneurship process is contained in **Annex II**.

## CHAPTER 2

### DEFINITIONS AND KEY CONCEPTS

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There is no single globally accepted definition for MSMEs, given divergences in economic structures and stages of development. Classification of MSMEs is primarily for the purposes of designing credit options, and formulating national policies. The definitions of MSMEs vary among countries and international organizations. All countries have a specific, documented definition suitable to their economy<sup>2</sup>.

#### International Definitions

The European Union (EU) defines MSMEs as firms with 1 to 249 employees, with up to Euro 50 million in annual turnover, and a maximum of Euro 43 million in balance sheet total.<sup>3</sup>

The World Bank defines MSMEs as follows (Berisha & Shiroka, 2015) .<sup>4</sup>

FIRM SIZE	TURNOVER	EMPLOYMENT	ASSET BASE
<b>Micro</b>	Less than US\$100,000	Less than 10 employees	Up to US\$100,000
<b>Small</b>	Less than US\$3m	Up to 50 employees	maximum of US\$3m
<b>Medium</b>	Up to US\$15m	Up to 300 employees	maximum of US\$15m

Based on an assessment undertaken by the IFC, the most common variables in the definitions used among one hundred and twenty (120) economies are number of employees, assets, turnover, capital and investment. Ninety-six percent (96%) or 115 countries used the number of employees in their definitions and 51% or 61 countries used Assets/Turnover/Capital/Investment.

The definitions are selective with regards to the sub categories, for example, in countries such as Uzbekistan, Peru and Kuwait, definitions distinguish between micro and small only, and in China and Egypt, the definitions differentiate between small and medium enterprises only (Kushnir, 2007). A World Bank study indicated that of the 132 countries covered, 46 countries defined SMEs as businesses with fewer than 250 employees (Kushmir 2010 in Berisha & Shiroka, 2015).

Although there is generally a size threshold in the definitions of these enterprises, thresholds may also vary across sectors, and varying criteria used. For example, in Australia, employment is used as a criterion for identifying size in all sectors, except for agriculture which is measured by the estimated value of agricultural operations (EVAO)<sup>5</sup>.

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<sup>2</sup> “How Do Economies Define MSMEs” provides the definitions used by 120 economies with 26 economies having more than one definition for varying applications. (Khrystyna Kushnir, IFC)

<sup>3</sup> “User guide to the SME definition”. (European Union, 2016) retrieved from file:///C:/Users/mmclennon/Downloads/smedefinitionguide\_en.pdf

<sup>4</sup> Gathered from the Independent Evaluation Group of the World Bank 2008 Report.

<sup>5</sup> A physical production criteria and sales value are used to evaluate the EVAO

The USA uses the number of employees to define small businesses in most sectors, except for the non-goods producing sectors where annual receipts are used as a defining criterion.

Japan uses a mixed of factors, including workforce, capital and total investment, but the threshold for these vary across sectors. For example, a MSME has an upper threshold of:

- 300 employees and 300 million Yen in manufacturing, construction and transportation;
- 100 employees and 100 million Yen in wholesale and trade;
- 100 employees and 50 million Yen in services;
- 50 employees and 50 million Yen in retail.

Similarly, South Africa uses a combination of criteria with wide variations across sectors.

### **National Definition for Jamaica**

During the review process of the Updated Policy, key MSME stakeholders, DBJ, BOJ and other relevant actors in the MSME space undertook a comprehensive review of the 2013 definition to determine if the definition was still relevant and align with developments locally, regionally and globally. There was consensus that total annual turnover and employment were the relevant qualitative indicators, as these are in alignment to current data collection mechanisms.

The following is the national definition for MSMEs in Jamaica:

**Table 2-1: Jamaica’s Revised MSME Definition**

	<b>PRIMARY INDICATOR</b>	<b>SECONDARY INDICATOR (For Guidance Purposes Only)</b>
<b>Firm Category</b>	<b>Total Annual Sales/Turnover</b>	<b>No. Employees</b>
<b>Micro</b>	≤J\$15 million	≤ 5
<b>Small</b>	> \$15 million ≤ J\$75 million	<b>6 – 20</b>
<b>Medium</b>	> J\$75 million ≤J\$425 million	<b>21 – 50</b>

It should be noted that the 2013 thresholds relating to employment have been maintained while the thresholds for annual turnover have been increased. Having established these new definitions, the requisite action will be taken to ensure that this Policy is aligned with the Special Economic Zones Act, 2016.

### **Qualitative (Descriptive) Indicators**

The process of reviewing the MSME definition highlighted the value of including qualitative descriptors in the updated Policy. These qualitative descriptors can be used as a guide to identify specific characteristics for the MSME sector. The United Nations Industrial Development Organization (UNIDO) generally advises countries to take qualitative indicators into account.

The qualitative indicators as recommended by UNIDO are provided in the table below.

**Table 2-2: Qualitative Indicators for MSMEs**

Category	MSMEs	Large Companies
<b>Management Structure</b>	<ul style="list-style-type: none"> <li>▪ Proprietor- Entrepreneurship</li> <li>▪ Functions linked to personality</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manager – Entrepreneurship</li> <li>▪ Division of labour by subject matter</li> </ul>
<b>Personnel</b>	<ul style="list-style-type: none"> <li>▪ Lack of university graduates</li> <li>▪ All-round Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dominance of university graduates</li> <li>▪ Specialization</li> </ul>
<b>Organization</b>	<ul style="list-style-type: none"> <li>▪ Highly Personalized contacts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Highly formalized communication</li> </ul>
<b>Sales</b>	<ul style="list-style-type: none"> <li>▪ Competitive position not defined and uncertain</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong competitive position</li> </ul>
<b>Buyer's Relationships</b>	<ul style="list-style-type: none"> <li>▪ Unstable</li> </ul>	<ul style="list-style-type: none"> <li>▪ Based on long term contracts</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>▪ Labour intensive</li> </ul>	<ul style="list-style-type: none"> <li>▪ Capital intensive, economies of scale</li> </ul>
<b>Research Development</b>	<ul style="list-style-type: none"> <li>▪ Following the market, intuitive approach</li> </ul>	<ul style="list-style-type: none"> <li>▪ institutionalized</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>▪ Role of family funds, self-financing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diversified ownership structure, access to anonymous capital market</li> </ul>

Source: UNIDO (Yon & Evans, 2011)

It should be noted that during the policy review, several Jamaican MSME financing institutions confirmed that they are increasingly using both quantitative and qualitative indicators in their decision making.

## **Entrepreneurship**

The GEM defines entrepreneurship as “any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business”. This is an occupational perspective of entrepreneurship which entails the initiation of economic activities under a legal form of business. Often times the occupational definition does not tell the whole story.

Pioneering studies on entrepreneurship have characterized entrepreneurs by their drive to achieve, desire for independence, capacity to tolerate ambiguity and risk, perseverance and self-confidence.

## **Innovation**

Innovation is bedrock of opportunity entrepreneurship. Austrian economist Joseph Schumpeter makes a clear link between innovation and entrepreneurship. His definition of entrepreneurship does not focus on new firm formation, but rather on the various forms of innovative activity and on the role of innovative entrepreneurship in driving changes in the historical context of business, industry and economy.

Schumpeter’s definition of entrepreneurship places an emphasis on innovation, in the form of new products or new production methods or new markets or new forms of organization or a combination of innovations. Innovation is also defined as a process involving “the implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.” (Schumpeter, 1934).



Three levels of novelty can be distinguished from the process of innovation: new to the firm, new to the market and new to the world. (OECD, 2009).

## **Creativity**

Opportunity entrepreneurship and innovation must be underpinned by creativity. The term creativity can take on many dimensions ranging from the ability to come up with objects of art or novelty products, a new idea that departs from what exists, to solving a problem through creative reasoning. According to Franken (2006) creativity is “the tendency to generate or recognize ideas, alternatives, or possibilities that may be useful in solving problems, communicating with others, and entertaining ourselves and others’.

While innovation and creativity are integrally related, there is a slight distinction between the two: creativity is the process of generating meaningful ideas, while innovation is the process of transforming these ideas into effective solutions. Thus in the entrepreneurship process, the first two stages is the creative, ideation stage (opportunity identification and concept development), the last four being the innovation implementation stage (identifying resources, accessing resources, implementing and managing and harvesting) (Morris et.al 2001).

Recognizing that the vast majority of entrepreneurs in Jamaica are replicative or necessity entrepreneurs (i.e. start businesses based on pre-existing markets, products, models, processes) and not innovative, this policy framework seeks to strengthen the entrepreneurial culture of MSMEs so that they metamorphose into creative, risk-taking, innovative enterprises.

## **Start-ups**

A key factor in the entrepreneurial process is the identification of imaginative new products or services that may lead to a promising business venture. Once an entrepreneur puts this business venture into action, it becomes a “start-up”. A start-up is therefore a new business venture that is established from “scratch”; that is, any business venture that did not exist prior to the entrepreneur’s efforts. A start-up may therefore occur at varying stages of a business operation<sup>6</sup>. Entrepreneurs with start-ups in the early stages may have entrepreneurial alertness<sup>7</sup> but lack business and technical experience. It is this lack of business and technical experience that constitutes one of the major problems facing start-ups.

Start-ups provide an opportunity for many unemployed persons to become self-employed and transforms the unemployable into employable. Successful start-ups therefore increase employment and provide economic opportunities.

## **Social Enterprises**

Social enterprises are business entities that apply commercial strategies to maximize social impact, through improvements in human and environmental problems. Entities that adopt this model have a primary mission to solve social, economic, cultural or environmental problems at the community or national level through effective and ethical business practices with the reinvestment of profits to

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<sup>6</sup> Varying types of startups as well as stages in a business life cycle

<sup>7</sup> The ability to recognize conditions that may lead to a new business opportunity

the social mission. Social enterprises have the dual responsibility of creating social value and ensuring financial viability.

In generating this social value, the social enterprise uses a triple and quadruple bottom line, business model. They generate social, economic, environmental and cultural value, which can be quantified and monetized using tools like Social Rate of Returns on Investments (Knife 2016 forthcoming). The majority of the social enterprises in Jamaica are a part of the MSME sector (using the same criteria) and therefore face many of the same constraints experienced by the wider MSME sector such as informality, weak management & technical capacity (scaling & group dynamics), lack of access to finance and the need for a stronger enabling culture of (social) entrepreneurship (Knife 2016).

### **Convergence of MSME and SEs (Social Enterprises the Social Economy)**

While MSMEs traditionally operate on the premise of a reward for shareholder risk, they differ from social enterprises in mission and motive for profit. Social enterprises are mission driven entities that generate profits to reinvest in the enterprise and to fulfill their social mission. While this difference is clear and have implications for how the ventures are operationalized, they tend to have more similarities in business best practices while facing similar problems in the economy.

The Policy while recognizing the uniqueness of SEs refers to MSMEs in a holistic way, which incorporates SEs. Therefore the vision, mission, aims, objectives and strategies listed support the needs of both traditional and non-traditional MSMEs.

## CHAPTER 3

### PROFILE OF THE MSME SECTOR

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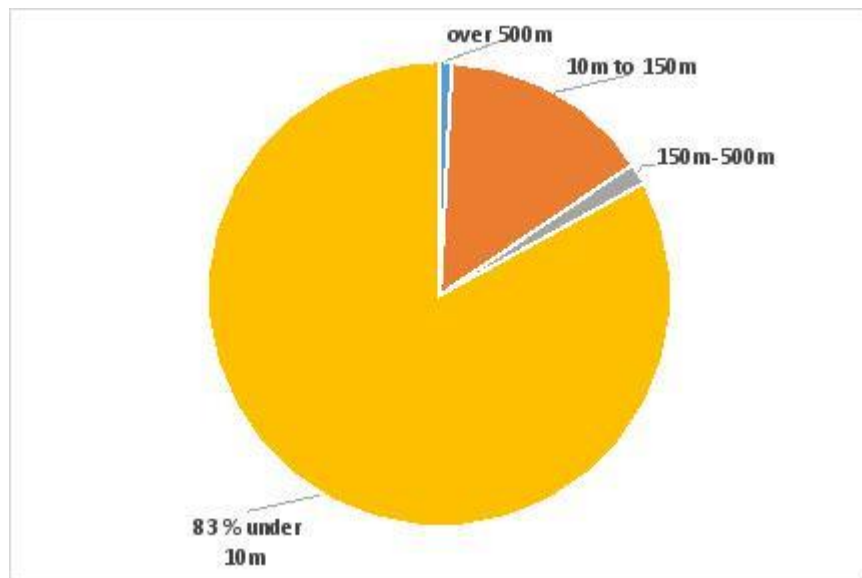
#### Most Businesses are MSMEs

According to data provided by Tax Administration Jamaica, approximately 97.6% of all classified tax payers for FY 2015/16 fell within the 2013 Policy definitions of MSMEs, with 83% of these enterprises falling in the micro sector. The ratio of MSMEs to the entire classified business population will likely increase to approximately 99%, with the revised definition of MSMEs in the current policy.

It is estimated that the MSME sector accounts for over 80% of jobs in Jamaica, the majority of these jobs are created by one-person enterprises as almost 40% of working Jamaicans are self-employed. However, only 7.8% of the self-employed create jobs for others; this suggests that most MSMEs are pursuing “survivalist” activities, in heavy competition with each other, and are not creating real wealth for the economy. Thus, the MSME sector is highly vulnerable and not contributing its full potential to the growth of the economy.

Preliminary 2016 GCT returns also show where the number of MSMEs involved in business activities stood at 9 671 (PIOJ, 2016)<sup>8</sup>.

**Diagram 1: Classified Tax Paying Enterprises in 2015/16 by Turnover**



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Source: TAJ, (2015)

The heavy weighting of enterprises towards the MSME sector is a feature of most economies. In the United Kingdom, 99.9% of all enterprises fall within that country's definition of MSMEs (ICAEW, 2014). In the United States SMEs make up 99.7% of all enterprises, using the US definition of small and medium (US Census Bureau, 2012).

In Singapore, 99% of all enterprises are classified as small and medium (Singapore Statistics, 2015). In the Caribbean estimates have shown where MSMEs contribute between 70% and 85 % of the number of enterprise and contribute between 60% and 70 % of GDP while further accounting for approximately 50% of employment in the Caribbean (Julien & Edwards, 2016)<sup>9</sup>. Closer to home, MSMEs account for 96.3% of all formal enterprises in Barbados (Barbados SBA, 2016).

In Jamaica, there is a large informal economy, estimated to be 43% of the GDP (IDB, 2006) and the 2015 STATIN Report indicates that 417,700 Jamaicans are categorized as Own Account Workers, that is, they are essentially self-employed and employ no one else on a regular basis in the business activity.

The MSME sector is therefore seminal to the Jamaican economy, and its prospects for sustainable growth and job creation cannot be overemphasized. It has the potential to be a major catalyst for the development and growth of the private sector, while supporting innovation, competitiveness, wealth creation and social stability.

In developed countries such as Germany, the MSME sector largely consists of highly innovative and productive firms, many of which are world leaders in their fields. In Jamaica, however, the majority of firms in the MSME sector are replicative or necessity enterprises, that are poorly financed and globally uncompetitive. This signifies that much effort is needed to drive the sector towards greater levels of innovation and productivity.

### **GEM Data on Jamaica**

The GEM is a global consortium of Universities that tracks key statistical data related to entrepreneurship in participating countries. Jamaica is a participating country, and the GEM Jamaica team resides at UTECH, where further analysis of the GEM data is published as the GEM Jamaica Report. The GEM Jamaica Report provide the most consistent data on the Jamaican entrepreneurship landscape.

The GEM 2016/17 Jamaica Report identifies Jamaica as according a very high social value to entrepreneurship when compared with the rest of the cohort.<sup>10</sup> Jamaica ranked 1<sup>st</sup> from sixty-one (61) countries in terms of media attention to entrepreneurship, as 87.2% of respondents thought that entrepreneurs get significant media attention. Jamaica ranked 2<sup>nd</sup> with respect to entrepreneurship as a good career choice, and ranked 4th in terms of the high status accorded to entrepreneurs.

Jamaica was the only country, which had above 80% of respondents attaching a high social value

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<sup>9</sup> Caribbean Development Bank (2016) Micro, Small Medium Enterprise Development in the Caribbean: Towards A New Frontier. This publication was commissioned by the Economics Department of the Caribbean Development Bank (CDB) and prepared by two consultants, Michael Julien and Melvin Edwards.

<sup>10</sup>See the UTECH GEM 2016/17 Jamaica Report on <http://www.gemconsortium.org/report> prepared by Boodraj, Sinclair-Marage, Skeete, Steele et.al. Global Entrepreneurship Monitor.

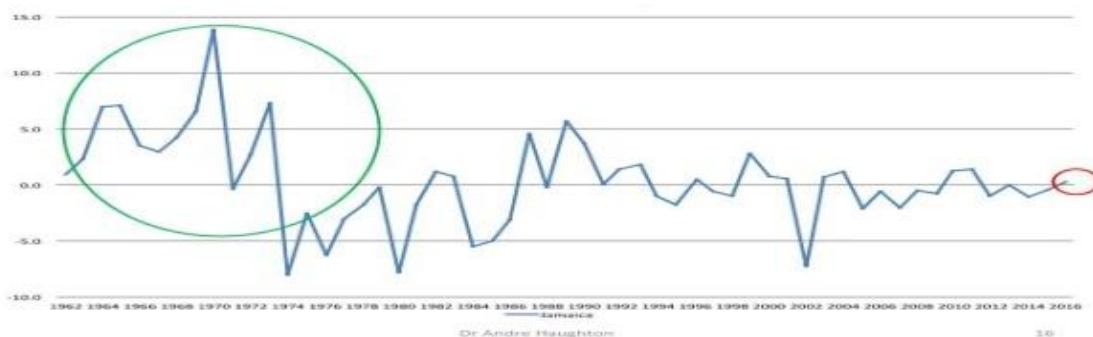
to entrepreneurship in all three categories, approximately 20 percentile points above the regional average in Latin America and the Caribbean for all three indicators.

GEM 2016/17 Global Report classifies Jamaica as a country that is an ‘efficiency’ driven economy and not ‘innovation driven’. With regards to innovation Jamaica ranked 45<sup>th</sup> out of 64 countries. GEM Global 2016/17 Report recommends that countries like Jamaica need to:

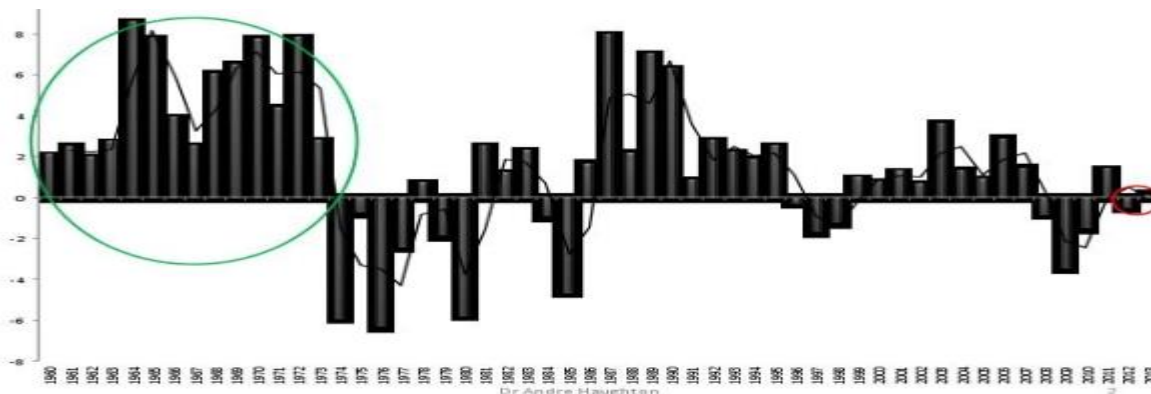
*“Develop the innovation capabilities of factor-driven and efficiency-driven economies. This may include advancing an economy’s human resources, government or private research laboratories, and partnerships between multinationals and universities. Equally important are practices and mechanisms for commercializing solutions based on technological innovations.*

Diagram 2 below highlights Jamaica’s total factor productivity over the last 50 years, while diagram 3 shows the trends in Jamaica’s GDP growth in the last five decades.

**Diagram 2: Total Factor Productivity of Jamaica: 1962 - 2016**



**Diagram 3: Jamaica’s GDP Growth Per Annum 1960 to 2013**



Within the context of a declining TFP and GDP, and the recognition of the role that innovative MSMEs can play in driving the Jamaican economy, it is crucial to understand what the MSME and Entrepreneurship landscape is like. Key data from the GEM Global 2016/17 Report on Jamaica is reproduced in Box I below.

## Box 1: Insights on Jamaican Entrepreneurship from the GEM 2016/17 Jamaica Report

**Excellent perception of entrepreneurship in Jamaica...** According to the GEM 2016/17 Jamaica Report, Jamaica leads the 64 countries surveyed in the societal value placed on entrepreneurship.<sup>11</sup> It is the only country to have over 80% of its respondents attaching a high social value to entrepreneurship. This is approximately 20 percentile points above the regional average.

**Jamaican entrepreneurs are confident in their ability...** Compared to adults in other Caribbean countries, 83.5% of Jamaicans respondents in 2016/17 are confident that they have the capabilities (knowledge and skills) for entrepreneurship. The regional average in LAC is 62.6%. With regards to seeing good opportunities for starting a business in Jamaica, 64.4% responded in the affirmative compared with the regional average of 46.2%. GEM studies indicate that individuals who are confident in their skills to start a business are four to six times more likely to be involved in entrepreneurial activity.

**Total early-stage entrepreneurial activity in Jamaica is lagging ...** In 2016/17, the total early-stage entrepreneurial rate (those who were starting a business or started one within 42 months of the GEM survey) was reported at 9.9% in Jamaica. The last reported figure for Jamaica was 19.3% in 2014. 2016/17 therefore represents a decline and is below the 2016 regional average of 18.8%. The largest gap was in the nascent entrepreneur rate (a business that is less than four months and that has not paid salaries) which was 4.1% in Jamaica in 2016 but 11.8% in the rest of the LAC.

**Jamaica registers the lowest in the cohort for opportunity based entrepreneurship...** The 2016/17 GEM report ranked Jamaica 64<sup>th</sup> out of 64 countries for opportunity based entrepreneurship but ranked Jamaica 2<sup>nd</sup> for necessity based entrepreneurship and 54<sup>th</sup> for improvement-driven entrepreneurship. Overall Jamaica ranked 61<sup>st</sup> out of 64 countries on the GEM Motivational Index for 2016.

**Young adults are declining in early stage entrepreneurial activity ...** The proportion of Jamaican youths (defined as 18-24 by GEM) as a percentage of early-stage entrepreneurs is declining. This age group had increased its relative share from 12% in 2005 to 17% in 2011 but fell to 7.6% in 2016/17. The GEM regional LAC average is 15.7%.

**The level of business discontinuance in Jamaica is on par with the region...** GEM 2016/17 data reveals that business discontinuance (respondents who discontinued a business in the last 12 months) in Jamaica is on par with the region at 9% compared to the regional average of 9.6%. In Europe the average is 6.8%, while in North America the average is 12%. The majority of respondents in Jamaica (56.3%) cited unprofitability as the reason for discontinuance and 10.7% had problems with financing.

**Small gender gap in entrepreneurial activity ...** The early-stage entrepreneurial activity rates for adult women are generally lower than for men across GEM countries, but compared to the average, the gender gap in Jamaica is relatively small. Over the past seven years, women have accounted for about 45% of the adults either trying to get a business started or owning a new business.

**Jamaican entrepreneurs have the lowest growth prospects ...** On an individual basis, Jamaican early-stage ventures have little plans to grow. In 2016/17, 87.9% of the early stage entrepreneurs surveyed indicated that they planned to have no additional employees over the next five years. This ranked Jamaica 1<sup>st</sup> in low growth prospects. GEM studies stress the importance of high-ambition entrepreneurs to an economy as these enterprises make a disproportionate contribution to overall job growth in the economy.

**Lack of Innovation:** Jamaican early-stage entrepreneurs do not describe their products as innovative. In 2016/17, Jamaica ranked 45<sup>th</sup> on the innovativeness index with only 20.1% of early-stage entrepreneurs indicating that customers would find their products new or unfamiliar.

<sup>11</sup> Boodraj, Sinclair-Marage, Skeete, Steele et.al. Global Entrepreneurship Monitor. 2016/17 Jamaica Report. University of Technology.

## Type of Business Activities

The 2016 Economic Social Survey Jamaica (ESSJ) report shows that of the 9,671 MSMEs registered, 4,446 were aligned to the Wholesale and Retail Trade industry, while 2,535 were aligned to Real Estate, Renting and other Business activities. **Table 3-1** below shows a break-down of the industry distribution of MSMEs, showing the change in figures from 2014-2016.

The 2006 IDB Survey indicated that MSMEs in Jamaica are mostly involved in the Wholesale and Retail Trade and Community and Social and Personal Services sectors. More than half (55.7%) of the MSMEs surveyed were involved in the Wholesale and Retail Trade and 23.3% operated in Community, Social and Personal Services (see **Table 3-2**). This report, although dated, is reflective of non-agricultural MSME activity, which is heavily skewed towards the wholesale a retail trade (with vendors and micro shops that buy and sell).

**Table 3-1: Number of MSMEs by Sectors 2014-2016**

INDUSTRIES	2014 <sup>r</sup>		2015 <sup>r</sup>		2016 <sup>p</sup>	
	Micro	Small	Micro	Small	Micro	Small
ARGICULTURE, FISHING, HUNTING & FORESTRY	52	32	68	34	64	41
MINING & QUARRYING	36	14	17	6	14	5
MANUFACTURING	449	247	457	229	427	231
ELECTRICITY, GAS & WATER	5	2	5	2	4	4
CONSTRUCTION	247	73	229	91	204	97
WHOLESALE & RETAIL TRADE; REPAIR OF MOTOR VEHICLES	2 692	1 934	2 632	1 940	2 553	1 893
HOTEL & RESTAURANTS	324	176	307	181	316	180
TRANSPORT, STORAGE & COMMUNICATION	339	170	316	187	321	179
FINANCIAL INTERMEDIATION	116	60	113	64	108	61
REAL ESTATE, RENTING & BUSINESS ACTIVITIES	1 789	705	1 779	724	1 796	739
PUBLIC ADMINISTRATION & DEFENCE, COMPULSORY SOCIAL SECURITY	35	6	31	11	34	9
EDUCATION	10	4	9	3	8	3
HEALTH & SOCIAL WORK	25	19	22	20	19	15
OTHER COMMUNITY SOCIAL & PERSONAL SERVICE ACTIVITIES	236	107	223	113	225	121
<b>TOTAL</b>	<b>6 355</b>	<b>3 549</b>	<b>6 208</b>	<b>3 605</b>	<b>6 093</b>	<b>3 578</b>

r - revised

p - preliminary

Source: Compiled by the PIOJ from data received from Tax Administration Jamaica

Table 3-2 highlights the need to include the agricultural sector in reports on MSME activity. There are over 160,000 farmers registered with RADA. The contribution of agriculture to Jamaica's GDP was reported as 7.3 % in 2016, showing an increase of 13.5% from the 6.6% in 2015 (PIOJ, 2016).

According to STATIN (2017) the sector employed 16.6% of the national workforce in As at July 2017. Agriculture also provides raw material inputs into the agro-processing sector, providing enterprise and value added opportunities for MSMEs. As a matter of national policy, agriculture will be treated as an industry grouping falling within the MSME categorization.

**Table 3-2: Percent of MSMEs by Sectors 2008**

<b>Percent of MSMEs by Sectors</b>	
<b>Sectors</b>	<b>Percent</b>
Wholesale and Retail Trade	55.7
Community, Social and Personal Services	23.3
Manufacturing (Non-Metal)	9
Manufacturing (Metal)	2
Transport Sales and Communication	3.9
Financial, Insurance, Real Estate and Business Services	2.4
Construction	2.3
Electricity, Gas and Water Supply	1.2
Mining	0.1

Source: PSDP (April 2008). A Landscape Assessment of Jamaican Micro, Small and Medium-Size Enterprises (MSMEs). Prepared for the Target Growth Competitiveness Committee (TGCC)

### **Formality and Informality**

Several studies have shown that the contribution of the SME sector to employment and GDP in developing countries is comparatively modest. However, estimates have shown that the informal sector, which largely involve micro enterprises on average account for 48% of the total labour force and 37% of the GDP in developing countries (Julien & Edwards, 2016).

From the most recent comprehensive study completed on the MSME sector, it was shown that the informal MSME sector was valued at 43% of Jamaica's total GDP (IDB, 2006). The MSME sector is characterized by a high degree of informality, low tax compliance rates, limited differentiation, low quality standards and labelling. Sole traders and Own Account Workers form the bulk of the MSME sector. A study in 2006 estimated that the informal sector was valued at 43% of Jamaica's GDP (IDB, 2006).

Businesses in Jamaica are obligated, under law, to comply with licensing, registration and tax requirements and procedures in order to be recognized as formal. The basic legal requirements for individuals and organizations operating businesses in Jamaica are described below:

- Registration with the Companies Office of Jamaica in accordance with either the Companies Act or the Registration of Business Names Act<sup>12</sup>;
- Be licensed as required under the License to Trade and Business Act, Spirit License Law, Hotel License etc.<sup>13</sup>

<sup>12</sup> Registration depends on whether you are operating a business or a company. According to the COJ, a company is a commercial enterprise registered or incorporated under the Companies Act and a business is a sole trader or partnership registered under the Business Names Act. For more details see: <http://www.orcjamaica.com/services/>

<sup>13</sup> See details on license types and requirements at: [http://www.jamaicatax-online.gov.jm/licence\\_types.html#TradeLicence](http://www.jamaicatax-online.gov.jm/licence_types.html#TradeLicence)



The following are the main tax compliance requirements:<sup>14</sup>

- Obtain Taxpayer Registration Number (TRN)
- File and make Income Tax payments (as required)
- Obtain Tax Compliance Certificate (as required)
- Register to pay General Consumption Tax (GCT) and make payments for all taxable activities as required.
- Pay Education Tax
- Contribute to National Insurance Scheme (NIS)
- Contribute to Human Employment and Resource Training (H.E.A.R.T.)<sup>15</sup> as required.
- Register with the National Housing Trust (NHT) and make contributions, as required by law<sup>16</sup>
- Submit an Annual Return Form<sup>17</sup>

The 2006 IDB study estimated that the average MSME comply with approximately one third (36%) of the requirements for formality, with the smaller enterprises registering greater levels of informality. The PSDP 2008 survey revealed that 44% of MSMEs surveyed claimed to be registered while 49% indicated that they were not registered and 43 % were registered to pay GCT.

The availability of data and research work on the MSME sector in Jamaica remains limited, which makes it challenging to generate current information data on developments in the sector. Previous studies have shown that more than half (56.9%) of the MSME businesses were located in the Kingston Metropolitan and Other Urban Areas. The 2008 Private Sector Development Programme Survey found that the majority of the businesses surveyed were located in the Metropolitan and Other Urban Areas; Kingston (15%), St. Andrew (22%) and St. Catherine (11%). The proportion of productive value added (mainly agricultural sector) to non-value added MSMEs is higher in the rural areas, yet there is disproportionate business support to the agricultural sector and the rural areas (MIIC 2015). The Government is aware of this has been developing projects and initiatives in recent years to address this such as the JBDC Mobile Business Clinics held across Jamaica.

### **Ownership Structure and Management Practices**

Owner-managed businesses represent the majority of non-agricultural MSMEs. According to the Nicholson and Garvey 2006 survey, approximately 48% of Family-Owned Businesses (FOBs) and 57% of Women-Owned Businesses (WOBs) can be classified as sole proprietorships or partnerships. The 2015 STATIN Labour Force Survey estimates that Own Account Workers accounted for 412,950 Jamaicans or 35.9% of the employed labour force.

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<sup>14</sup> Tax Requirements and Procedures in Jamaica. The Tax Administration Directorate.

<sup>15</sup> This is payable by employers on behalf of employees

<sup>16</sup> According to the NHT ‘ a “contribution” refers to an amount that is payable to the NHT in accordance with the National Housing Trust Act of 1979 (and Act 23 of 2005) ; while a “Contributor” is an employed person (whether employed by an organization or self-employed), or an Employer, or someone who is not liable to pay contributions under the Act but has applied for and has been granted the authorization to make voluntary contributions’ See more at: <http://www.nht.gov.jm/contribution-payments>

<sup>17</sup> This is a single form which consolidates employer’s annual payroll information for NHT, NIS, Education Tax and PAYE (Income Tax). It should be submitted by all employers with one (1) or more employees from whom payroll deductions were made during the year stated in respect of NIS, NHT, Education Tax and/or PAYE. See more details at: [http://www.jamaicatax.gov.jm/Documents/pdf/FAQs\\_for\\_S02.pdf](http://www.jamaicatax.gov.jm/Documents/pdf/FAQs_for_S02.pdf)

## Ownership Structure of MSMEs

While there are no extensive data available on MSMEs and family own-businesses (FOBs) in the Caribbean, reference can be made to LN survey<sup>18</sup> conducted in 2012, Compete Caribbean (CC) survey<sup>19</sup> conducted in 2014 and estimates derived from the 2015 census of population and labour market surveys<sup>20</sup>, by Lashley and Smith. Data from the LN survey showed where 70% of FOBs in the English Speaking Caribbean data are MSMEs. Of this amount, 55% are limited liability, 22% are sole proprietorship or partnership, and 1.3% are publicly listed. Approximately 62% of ownership of said companies are male dominated representing male as the major partners and 27% are female dominated, 11% are equally distributed between male and female.

The CC survey showed where 48.4 % of firms are micro or small with 27. 6% being partnerships or limited liability companies, 37.5% were sole proprietorships, and 34% were privately held limited companies.

The 2015 census reported that 2.6 million persons employment in the English Speaking Caribbean, where 27.2% are self-employed, with 3.8% employing others and the remaining 23.3% being own-account workers.

In Jamaica owner-managed businesses represent the majority of MSEs, and is reported to be the second largest source of employment status in the employed labour force (PIOJ, 2016). The ESSJ reports that the total own account workers stood at 417,700 persons. The 2016 report shows where the total males employed in the Own Account Category was 264, 725 (63%) with 152, 975 (37%) Women employed to the sector.

## Financial Inclusion

The 2006 IDB study found that ninety percent (90%) of Own Account Workers did not have bank accounts. Participation by MSMEs sector in the financial sector have been reported and generally accepted to be significantly low. The *Jamaica National Financial Inclusions Strategy (NFIS)*, in 2016 indicated that 27% of all formal SMEs have a bank loan, or access to credit, which is below the average of 48% in Latin America and the Caribbean (LAC).

The NFIS also states that over 40% of firms in Jamaica consider access to finance to be a major constraint, but it is more acute for the small firm where 47% indicated it was a major constraint (compared with an average of 32% in the LAC region).

The 2008 PSDP survey revealed that 57.9% of MSMEs used their own savings to start their business, 27.5% used funds from family members, 8.4% from credit unions, while approximately

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<sup>18</sup> As cited in Lawrence Nicholason and Jonathan Lashley2016. The LN survey was conducted in 2012 of three ESP countries, Jamaica, Barbados and Trinidad and Tobago. These three countries represent 67% of the population of the ESC and approximately 70% of total gross GDP of the ESC.

<sup>19</sup> Ibid. The Compete Caribbean Survey, 2014 was conducted as a part of the private sector development programme funded by the Inter-American Development Bank (IDB), the United Kingdom Department of International Development (UKaid), and the Canadian Government, The CC survey provided firm level data on 12 ESC countries, Jamaica included and comprises of information on 1846 firms. The CC collected information on basics company characteristics, sales, foreign trade, competition, innovation, legal issues, relationship with government, labour, finance, performance and business strategy.

<sup>20</sup>

17% were able to source funds from banks. The survey also showed that more than half (53.2%) of the MSMEs surveyed continued to use their own savings to finance business activities, 16% relied on family members, 12.4% accessed funds from banks and 5.6 % from credit unions.

The Jamaica Stock Exchange Junior Market offers an alternative equity financing option to SMEs. It is designed to attract new capital from equity investors, encourage new start-ups and provide financing to existing businesses, thereby enabling small businesses to participate more effectively in the country's economic development process. Investors and SMEs have displayed confidence in the Junior Market since 2009 with 33 listings up to December 2016, and over J\$5billion in capital being raised. However, these 33 companies still represent only a small percentage of formal SMEs.

According to the 2015 *MSME Financing Task Force Report*, and the *National Financial Inclusion Strategy*, the lack of access to capital remains an impediment to the growth and development of the MSME sector, and calls for a comprehensive approach and strategy to address the needs of the sector over the entire business and investment life-cycle.

Several reforms have been implemented by the GOJ to support the growth and development of the MSME sector, such SIPPA and the Insolvency Act. Despite these reforms, access to capital by MSMEs remains one of the major issue confronting the growth and development of the sector.

### **Customers and Suppliers**

The 2016 ESSJ Report shows that total sales of MSMEs was recorded at \$44.4 billion, representing 4.7 per cent of income generated by all companies that filed annual returns. The 2006 IDB study showed that 90.3 per cent of MSMEs surveyed provided goods and services to local individual customers.

Though variations were reported for different enterprises, only 2.8% and 2.3% of them sold to private enterprises, and wholesalers and retailers respectively. This indicates limited linkages among MSMEs and between MSMEs and larger firms. The study also showed that 1.1% of businesses surveyed provided goods and services to public institutions which suggest that the government sector accounts for a very small fraction of the customer base of MSMEs.

Wholesalers and retailers comprised the vast majority of suppliers for MSMEs. The IDB reported that 86% of the businesses surveyed bought from wholesalers and 24% bought goods from retailers. The study also found that only 15% of enterprises were assisted by their suppliers, and this was particularly with overcoming liquidity constraints.

Additionally, it is recognized that the quality and quantity of the goods and services provided by MSMEs need to be addressed, particularly if the sector is to be enabled to supply export market or become valuable members of supply chains. There are several projects that are currently being implemented to address this issue. The DBJ and the Jamaica Business Fund supply chain initiative, under the World Bank's Foundations for Competitiveness and Growth Project (FCGP) is an example of a focused strategy for building MSME capacity and strengthening supply chains, using an anchor firm model.

## **Demographic Profile**

The 2006 IDB study reveals important gender differences across different types of enterprises. According to the study, while women accounted for 58% of own-account enterprises, they represented a much smaller percentage of MSMEs. They accounted for 42% and 21% of MSMEs, respectively. The 2008 survey reveals a higher percentage of males (56%) than females (44%) are MSME owners.

Family-owned businesses (FOBs) and women-owned businesses (WOBs) in Jamaica were 2,916 and 1,718 respectively, with 315 being categorized as both FOBs and WOBs. Some 31% of FOBs and 20% of WOBs have been in operation for over twenty (20) years, and over the last 2-3 years, the number of WOBs appeared to have been growing at a faster rate than that of FOBs. Most FOBs were in the area of wholesale and retail (48.7%), with WOBs geared towards social and personal activities (37.1%).

According to the 2006 IDB study, the average age of MSMEs surveyed was 45 years and there was no significant age difference across the different sizes of enterprises.

## **Training and Education**

The 2008 PSDP study revealed that approximately 30% of business operators indicated that they completed secondary school. This study also shows that almost 20% had vocational and skills training, 5.1% were tertiary students, 11.7% were tertiary graduates and 16.4% indicated that they had all-age school/some secondary education.

The 2006 IDB study found that a positive relationship exists between the entrepreneur's level of education and the size of enterprises; small business operators had an average three years of additional education over own-account business operators and one-third of small entrepreneurs attained university-level education.

## **Business Development Services**

The characteristics of MSMEs in Jamaica suggest that a significant amount of them have benefitted from business support and development services. Despite the GOJ efforts to create a robust environment for capacity building among MSMEs, most of them have limited knowledge of business development services.

The 2006 IDB survey shows that only 20% of the businesses surveyed had prior knowledge of these services and just 9% had experience with the services. Only 9.9% of own-account businesses know about business development services but only 3.7% of those surveyed have ever used these services. A modest 27% of micro businesses are aware of these services, with only 10.1% of the sample having ever used them, and 49.6% of small businesses are aware of the services, but only 26.7% accessed the services. Accounting and tax assistance appear to be the most commonly used business development services, and these facilities are mostly provided by the private sector.

The 2008 PSDP survey found that only 8% of MSMEs surveyed indicated that they have used GOJ-support services, and the majority of respondents (67%) cited lack of awareness as the main factor

foe not utilizing the services, while approximately 59% indicated that they would be encouraged to make greater use of the services if they were aware of them. This suggests that there is need for an on-going public education and sensitization program to build awareness of the service offerings.

### **Institutional Framework**

In 2016, MICAF established the MSME Division as the focal point within the Ministry on policy issues relevant to MSME development. The JBDC, an agency of MICAF was established in 2001 as the public body with the mandate to provide business development services to the MSME sector.

However, a multi-sectoral approach to MSME development has been adopted, due to its cross-cutting focus on several important issues spanning: taxation, tourism energy, education, gender, local government, investment, exports, financial service technology, data, youth, and culture among other. The key GOJ stakeholder MDAs are contained in Appendix III.

In addition to MDAs, there are several private sector umbrella associations that represent the interests of MSMEs. Some are broad based and multi sectoral, while others have a specific sector or demographic membership base. The academic community is also key institutional stakeholder, providing specialized research and other services.

The establishment of an MSME Thematic Working Group (TWG) in 2016, was therefore an important step towards seeking greater collaboration and cooperation in the MSME space.

### **Legislative Framework**

Jamaica has no specific MSME legislation. A Model Bill was drafted by CARICOM Secretariat, but this has been put on hold until the Regional MSME Policy has been approved by Member States. There are, however, several pieces of legislation (current and proposed) that have provisions to facilitate the MSME sector. These are included in Table 3-3 below:

**Table 3-3: Related Legislation and Provisions**

<b>LEGISLATION</b>	<b>PROVISIONS</b>
<b>The Registration of Business Names Act, 1934 (updated 2006)</b>	An act to provide for the registration of firms and persons carrying on business under business names and for other purposes. This act allows micro and small firms to access a simple business registration process but does not create a separate legal entity as provided for under the Companies Act
<b>Security Interests in Personal Property Act, 2013</b>	An act to facilitate the creation of security interests in personal property, to provide for a simple registration process for the recognition of such interests, and to stipulate the rules which will govern the priority in which such interests are enforceable
<b>Public Procurement Act, 2015</b>	An act to consolidate and modernize the law relating to the public procurement of goods, works and services; and for related matters. This legislation allows GOJ to provide ‘Special and Differential Treatment’ to support developmental objectives of the GOJ.
<b>Special Economic Zones Act, 2016</b>	An act to repeal the Free Zone Act (1982) and provide for the, development, regulation, construction supervision, management and control of Special Economic Zones. The act provides for special and differential treatment to be granted to MSMEs.
<b>Insolvency Act, 2014</b>	The act provides for the rehabilitation of the insolvent debtor under court protection, and will help to remove the stigma and constraints associated with bankruptcy in Jamaica. The ultimate goal is that entrepreneurs will not be stigmatized for taking risks, nor left without remedies when normal business failures occur.
<b>Microcredit Bill (draft):</b>	An Act to register and regulate microcredit companies that provide financing to micro, small and medium sized businesses; to discourage microcredit companies from lending money at excessive interest rates and from engaging in predatory lending practices; and for connected matters.

## CHAPTER 4

### POLICY FRAMEWORK

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The goals of the MSME & Entrepreneurship Policy are in alignment with the National Development Plan (Vision 2030) that envisions Jamaica of 2030 as “*the place of choice to live, work, raise families and do business*”. Achieving this vision requires that Jamaica fosters a culture of entrepreneurship and improve the business environment by ensuring an efficient bureaucracy, adequate access to capital, supportive trade relations, a well-functioning labour market and improved opportunities for enterprises.

#### **Alignment with Other National Plans and Programmes**

In addition, the MSME and Entrepreneurship Policy is in alignment with other key economic and social plans, programmes and strategies. These include:

- Jamaica’s National Development Plan (Vision 2030) and which provides the overarching framework for the goals, strategies and outcomes embedded in the MSME and Entrepreneurship Policy;
- ‘Call to Action’ published by the Economic Growth Council which outlines Jamaica’s path to achieving 5% growth by 2020;
- The Special Economic Zone Policy which outlines the framework for the attraction of investments in logistics based industries and maps these investments to linkages to MSMEs in the domestic economy;
- The National Financial Inclusion Strategy that articulates an action plan to provide a path for greater inclusion for citizens and MSMEs;
- The Tourism Linkages Council which promotes closer commercial ties between the resorts and attractions and domestic firms and agricultural enterprises;
- The Revision of the National Quality Policy currently underway, which recommends quality focused initiatives for the MSME sector;
- The National Export Strategy II currently being implemented;
- The National Energy Policy currently being implemented by the Ministry of Science Energy & Technology (MSET).

The MSME and Entrepreneurship Policy presents six (6) Policy Goals with accompanying objectives, strategies and activities to move Jamaica towards an entrepreneurial MSME sector that fuels economic transformation through innovation, creativity and high

performance. In doing so it will advance the country's vision of positioning MSMEs as a *'a vibrant and sustainable sector that embodies the concept of "inclusive growth" as the sector makes a growing contribution to employment and social stability'* (MICAF, 2016)

### **Policy Vision**

*'A vibrant and sustainable sector that embodies the concept of "inclusive growth" as the sector makes a growing contribution to employment and social stability'* (MICAF 2016)

### **Policy Mission**

*"To inculcate a deep-seated culture of entrepreneurship in MSMEs, reduce bureaucracy to improve the ease of doing business, build capacity, and provide timely and relevant support by forging strategic partnerships and linkages with key sectors within the society."*

### **Policy Goals**

1. An enabling business environment that results in growing levels of formality in the economy;
2. The availability of innovative and inclusive financial systems that are appropriate, affordable and accessible throughout the MSME business lifecycle;
3. Timely, relevant and measureable business development and capacity building services that are available to the MSME sector island wide;
4. A culture of entrepreneurship and innovation that promotes creativity, research and development in business operations and throughout the education system;
5. A framework that supports the creation and measurement of social value;
6. The seamless integration of cross cutting issues in the sector are weaved seamlessly into major programmes to ensure inclusive growth.

### **Guiding Principles**

Implementation of the Policy takes into consideration the following guiding principles:

- MSMEs are entrepreneurial;
- MSMEs are catalysts for human, social and economic development;
- MSMEs are key drivers of economic growth;
- MSMEs are key enablers for social stability.

In 2015, the world agreed on a new set of global goals to eradicate extreme poverty and achieve sustainable development. Building on the UN Millennium Development Goals (MDGs) of 2000, these are known as the Sustainable Development Goals (SDGs), including social, economic and



environmental dimensions. The 17 goals outlined in the SDGs are listed in Box 2 below.

### **Box 2: The United Nations 17 Sustainable Development Goals (SDGs)**

i.	End poverty in all its forms everywhere;
ii.	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture;
iii.	Ensure healthy lives and promote wellbeing for all at all ages;
iv.	<b>Ensure inclusive and equitable quality education</b> and promote lifelong learning opportunities for all;
v.	<b>Achieve gender equality and empower all women and girls;</b>
vi.	Ensure availability and sustainable management of water and sanitation for all;
vii.	Ensure access to affordable, reliable, sustainable and modern energy for all;
viii.	<b>Promote sustained, inclusive and sustainable economic growth;</b>
ix.	Build resilient infrastructure, <b>promote inclusive and sustainable industrialization and foster innovation;</b>
x.	<b>Reduce inequality</b> within and among countries;
xi.	Make cities and human settlements inclusive, safe, resilient and sustainable;
xii.	Ensure sustainable consumption and production patterns;
xiii.	Take urgent action to combat climate change and its impacts;
xiv.	Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
xv.	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
xvi.	<b>Promote peaceful and inclusive societies</b> for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels and
xvii.	Strengthen the means of implementation and <b>revitalize the global partnership for sustainable development, on finance, technology, capacity-building, trade</b> and systemic issues.

Several of these developmental goals are closely intertwined with the development of the MSME sector in Jamaica. The alignment of the Policy with Vision 2030 and the SDGs, highlights a national consensus that development can only be meaningful and impactful when it is inclusive, equitable and sustainable.

### **Social Progress Index**

The recognition of the social economy is underpinned by the approach of the UN in redefining measurement of economic activity, using the Social Progress Index (SPI) approach (Porter *et al* 2014). The Social Progress Index creates a holistic and robust measurement framework for national social and environmental performance that can be used by leaders in government, business and civil society at the country level as a tool to benchmark success, improve policy, and catalyze action. Jamaica is ranked 43 out of a 132 economies on the SPI, although the country's per capita income is not amongst the highest (SPI, 2015).

### **Role of the Government of Jamaica**

In achieving the Policy Vision and Mission, the Government will perform the following roles:

- **Promoter** – The Government of Jamaica takes proactive measures to directly foster and support MSME development;

- **Facilitator** – The Government of Jamaica provides an environment that is conducive to establishing and conducting business;
- **Regulator** – The Government of Jamaica crafts, amends and implements laws and regulations relating to MSMEs.

### **Convergence of MSME and SEs (Social Enterprises the Social Economy)**

While MSMEs traditionally operate on the premise of a reward for shareholder risk, they differ from social enterprises in mission and motive for profit. Social enterprises are mission driven entities that generate profits to reinvest in the enterprise and to fulfil their social mission. The Policy recognizes the uniqueness of SEs, and that all SEs are MSMEs. Therefore the vision, mission, objectives, strategies and activities to be undertaken support the needs of both traditional and non-traditional MSMEs.

## CHAPTER 5

### GOAL 1: AN ENABLING BUSINESS ENVIRONMENT

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It is accepted that GOJ must create an enabling framework, provide infrastructure, and support services to facilitate economic growth and sustainable development. An enabling business environment is therefore a fundamental pillar of Jamaica's National Development Plan - Vision 2030 where it is listed as National Outcome #8 and is in alignment with United Nation's Sustainable Development Goals 8, which speaks to "the promotion of sustainable economic growth, employment and decent work"; Goal 9, "Resilient infrastructure, promote industrialization and foster innovation; and Goal 17, "revitalize the goal partnership for sustainable development, on finance, technology, capacity building, trade and systemic issues".

The business environment in Jamaica is quite complex, and characterized by a multiplicity of actors including MDAs, academia, the private sector and civil society, serving as facilitators and regulators. There is the informal and formal economy, with the last estimate of the informal economy representing 43% of business activity within the island (IDB, 2006).

Targeting the informal economy has become a significant part of government policy as the economic activities in this space is not adequately represented in the country's official economic indices. Within the formal economy, SEs are emerging as a fairly new type of firm, which has a business-like structure but operates in the social economy with a business mandate for profit that directly will benefit the social sector. Both MSMEs and SEs in Jamaica (Knife 2015 and 2016) face similar barriers/handicaps and thus require similar enablers to assist them in becoming and maintaining their competitiveness.

*Among barriers identified are: inadequate business culture and practice; ineffective governance capacity, mind-set, inadequate financing; legislative framework; insufficient entrepreneurial thinking; research deficit, limited economic valuation; limited public education on sector and no clear succession structure. The articulated enablers include: incentive structures, legislation for example a MSME/SE Act; adopting good governance practices, MSME/SE interface platform, improved institutional support; effective access to resources; relevant fiscal system, grounded curriculum and educational development; reduced politicization; embracing failure as part of entrepreneurship and robust policy framework*

#### 1.1 Policy Element: Informality

##### A. Policy Issue:

While there is no officially contextualized definition of informality in Jamaica, it is generally accepted that the **informal** economy operates outside of the scope of the general economy and is characterized by inadequate levels of taxation, limited monitoring and are not sufficiently represented in the gross national product (GNP) and gross domestic product (GDP) of the country. MSMEs that remain informal face a number of disadvantages. A 2006 IDB study revealed that those MSMEs in Jamaica that were surveyed met only 36% of all the legal registration

requirements. Businesses that operate informally are constantly required to take actions that limit their access to formal support systems, thereby undermining their performance.

Increasing the levels of formalization will require public education, incentives and most importantly the simplification of existing systems and processes and ongoing support to increase their participation in the formal sector. Several studies indicate that the major barriers to formalization are: regulatory and administrative; fees and other financial requirements; and socio-cultural and privacy issues.

**B. Objective:**

To gradually increase business formalization in the MSME sector each year after completing the baseline research

**C. Strategy:**

Facilitate the establishing of an enabling structure that links government incentives and support measures to increasing business formalization, thereby facilitating MSME competitiveness.

**D. Activities:**

- i. Conduct baseline research on the sector
- ii. Develop a clear and agreed definition of formality across MDAs that will promote greater simplicity, cost effectiveness and efficiency in business licensing and registration and tax compliance procedures, particularly in the micro enterprise subsector
- iii. Bolster the existing incubator systems among business partners that support MSMEs throughout the entrepreneurship process, from idea generation to harvesting (reaping the benefits)
- iv. Launch a public education campaign on the benefits of formality and its impact on enterprise growth
- v. Expand the network of existing business services providers to support business formalization

**1.2 Policy Element: Tax and Incentive Structure**

**A. Policy Issue:**

MSMEs fear being caught in the government tax net, and this impacts the level and extent of business formalization. Most MSMEs are unclear and uninformed regarding taxation obligations, but taxation, especially among MSMEs should not inhibit growth and ability to compete. GOJ should consider establishing a taxation regime designed for MSMEs that facilitate sustainable growth and development. While the Omnibus Incentive Regime does not speak to MSME specific incentives, there is room for the development of policies and programmes across government that can provide stimuli for MSME development.

## **B. Objective:**

To foster a system of continuous review of the tax regime for MSMEs, consistent with a review of formality requirements to facilitate them achieving their developmental objectives

## **C. Strategy:**

Stakeholder engagement and advocacy underpinned by empirical data on the national, regional and international framework for MSME development

## **D. Activities:**

- i. Promote the development of an appealing tax framework for micro enterprises that promotes tax registration and compliance
- ii. Engage tax authorities in considering an amnesty period for a fixed period before informal entities are required to commence filing of tax returns, scheduled to be implemented as an accompanying measure for simplified procedures
- iii. Ensure all beneficiaries of Government support become tax compliant
- iv. Explore eliminating double taxation on dividends for non-listed companies, to encourage re-investment for expansion
- v. Promote the targeted used of sector-specific incentives underpinned by empirical cost/benefit data
- vi. Mount a sustained public education campaign to change the attitudes of Jamaicans towards the payment of taxes, emphasizing how the GOJ can support the MSME sector if revenue inflows increase, and the benefits to the country, when the tax base is broadened
- vii. Estimate the impact of tax and incentive support to the MSME sector

### **1.3 Policy Element: Legal, Regulatory and Administrative Framework**

#### **A. Policy Issues:**

There is a high level of bureaucracy in the administrative and regulatory environment for businesses in Jamaica, but there are indications that Jamaica is moving in the right direction. The World Bank's Doing Business Report (DBR) is a generally accepted measure of a country's progress in implementing business environment regulatory and administrative reforms.

According to the 2012 Doing Business Report, Jamaica ranked 88 out of 183 countries, by 2015, Jamaica jumped to 64<sup>th</sup> in the DBR. Jamaica's greatest improvement came in the areas of "Getting Credit" where it had the ranking of 12<sup>th</sup> (a movement of 97 places) and "Starting a Business" where it occupied the 20<sup>th</sup> place.

The current 2018 report ranks Jamaica at 70<sup>th</sup> overall, 20<sup>th</sup> for getting credit and 5<sup>th</sup> as it relates to starting a business. These movements coincided with reforms such as the

implementation of the “Super Form” to streamline business registration and the promulgation of the SIPP Act.

Despite these positive developments, Jamaica’s 2018 doing business ranking shows glaring inadequacies, specifically regarding paying taxes (122<sup>th</sup>), trading across borders (130<sup>th</sup>), enforcing contracts 127<sup>th</sup>, registering property (128<sup>th</sup>) and dealing with construction permits (98<sup>th</sup>). An inefficient and costly regulatory and administrative business environment retards the development and growth of businesses. This can be disproportionately more burdensome for MSMEs than their larger counterparts, especially due to their earning potential, human and financial resource capacity. Paying taxes, for example, can be time consuming, complex, costly and weighs heavily on the resources of MSMEs. Furthermore, it can result in less business activity, lower productivity levels and frustration.

Trading across borders has certain procedural requirements for importing and exporting goods and services that can be costly for MSMEs if they are to be fully compliant.

Land transfer and registration is a costly transaction and the legal procedures have contributed to significant parcels of idle or underutilized land. The PIOJ estimates that approximately 47% of the more than 800,000 parcels of land in Jamaica are unregistered. These unregistered lands are deemed ‘dead capital’ as they cannot be utilized for investment or wealth creation.

Improving the regulatory and administrative environment for businesses requires a whole-of-government approach that will ensure efficiency and cost-effectiveness of services provided by the Government. However, even more targeted support to this effort should come from a number of key Ministries, Departments and Agencies that directly interface with businesses and thereby have a critical role to play in making it easier to do business in Jamaica.

Most of the strategies below are not geared towards correcting the regulatory and administrative inefficiencies affecting MSMEs. Given the disproportionate burden that is placed on MSMEs and the urgency with which this matter should be treated, tackling the major impediments in the regulatory and administrative environment is a policy imperative.

**B. Objective:**

To substantially reduce the processing time and bureaucracy in the administrative and regulatory environment for MSMEs.

**c. Strategies:**

- i. bolster the capacity of service providers as well as the enterprises themselves to improve efficiency
- ii. Promote greater use of technology within MDAs that provide services in order to boost efficiency and reduce cost associated with service delivery
- iii. Promote greater use of technology among MSMEs

**d. Activities:**

- i. Reduce the processing time for business registration through the development of a E-registration platform
- ii. Implement appropriate framework exists for monitoring the regulatory and administrative procedures for MSMEs
- iii. Institute a comprehensive monitoring and evaluation system to measure progress in reducing the bureaucracy and cost of doing business for MSMEs
- iv. Encourage ongoing dialogue with MSMEs to sensitize them about improvements in the business environment and solicit their feedback for further changes that should be made in the administrative and regulatory environment
- v. Complete implementation of the electronic business registration form (EBRF) to allow on-line incorporation of companies and registration of business names
- vi. Engage existing structures (e.g. JBDC and SDCs along with COJ) in supporting the desired business legal, regulatory and administrative environment

**1.4 Policy Element: Energy Costs**

**A. Policy Issue:**

The high cost of energy poses a serious threat to MSMEs. This issue has led to business closures, retarded the growth of businesses and reduced competitiveness.

**B. Objective:**

To increase the number of MSMEs using least cost energy options by 10% by 2022

**C. Strategies:**

- i. Promote, support and implement ‘Least Cost Energy Projects’ to help MSMEs lower their operational costs and boost productivity through more efficient use of resources;
- ii. Provide incentives to MSMEs which procure and outfit their businesses with energy efficient technology

**D. Activities:**

- a. Sensitize MSMEs about sustainable energy efficiency and conservation practices and encourage them to adopt these measures to reduce costs;
- b. Sensitize MSMEs about credit financing available for energy solutions;
- c. Establish a robust M&E system that tracks energy use and cost by MSMEs.

## 1.5 Policy Element: Government Procurement

### A. Policy Issue:

Government procurement accounts for approximately 13% of GDP in OECD Member Countries, and an estimated 30% of total spending and approximately 12-16% of the GDP in OECD member countries.<sup>21</sup> While the size of public procurement as a share of total government expenditure in Jamaica is the lowest among the Latin America and the Caribbean (LAC) countries, estimated at 16.7% of government expenditures, compared to a regional average of 21.9%. Jamaica took important steps to promote the use of e-procurement and improve the general framework for public procurement<sup>22</sup>. Government spending provides an opportunity for growth and development, when this spending is in the domestic market. The GOJ, over the last decade, has undertaken a number of initiatives aimed at modernizing the public procurement system, and aligning it with international best practices. In 2010, the Ministry of Finance (MOF) and the then Ministry of Industry, Investment and Commerce (MIIC) actively pursued the implementation of a special procurement policy designed to enable MSMEs to acquire a reasonable share of GOJ's procurement contracts and to provide economic stimulus through enhancing the potential of local industries.

A survey conducted by the GOJ and the Inter American Government Network highlighted the following regarding the limited participation of MSMEs in Government procurement.

- Between thirty percent (30%) and fifty percent (50%) of MSMEs form part of the informal economy and are not officially registered businesses;
- Between fifty percent (50%) and seventy five percent (75%) of participating MSMEs consider the GOJ procurement process to be too lengthy, unaffordable and lacking in transparency;
- GOJ tender requirements and documents are considered too burdensome for essentially low value contracts;
- The requirement to provide bid security is one of the most commonly reported barriers to MSMEs' participation in Government procurement;
- Tax compliance requirements act as a deterrent, and there is no tax relief to enable growth for fledgling enterprises;
- Advance (mobilization) payments from Government entities are insufficient and oftentimes not offered at all;
- Lack of access to financing for MSMEs;

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<sup>21</sup> <http://www.oecd.org/gov/ethics/integrityinpublicprocurement.htm>

<sup>22</sup> <https://www.oecd.org/gov/lac-jamaica.pdf>



- Lack of coordinated and affordable business training and the need for accessible procurement awareness courses.

In 2015, the Public Procurement Act was passed in order to modernize the Jamaican public procurement system. Importantly Section 60(1) (e) of the Act makes provision for the GOJ to promulgate regulations governing “Special and Differential Treatment (SDT)” - measures described as (i) “set-aside” and (ii) “margin of preference”. These provisions are specifically designed to include and support MSMEs in terms of facilitating greater participation by reserving a certain level of procurement for the MSME Sector only.

The Ministry of Finance and the Public Service and MICAF are actively pursuing consultations with stakeholders towards the implementation of these regulations. The establishment of the dedicated Procurement Policy Office is also aimed at strengthening the institution framework for public procurement.

**B. Objective:**

To increase MSME participation in government procurement tenders by 10% by FY 2022/2023 having established benchmark data by FY 2019/2020

**C. Strategies:**

- i. To streamline the regulatory structure to ensure that local MSMEs are supported and have preferential access under the “set-aside” provision when tendering for Government contracts;
- ii. Utilize web-enabled technology to advertise, evaluate and track MSME participation in the Government procurement process.

**D. Activities:**

- i. Develop a procurement policy paper, which supports MSME tendering for government contracts and requires GOJ procuring entities to set aside an appropriate portion of their procurement budgets for eligible micro and small businesses (micro and small are most vulnerable in the procurement process). This could include Capital A projects and the goods and services elements of the Recurrent Budget. Procuring entities will be required to review and report on the volume and value of contracts issued;
- ii. Advocate for procurement set asides are linked to domestically added value as opposed to distribution and trading. Goods and services procured under this regime with domestic value will be assessed under preferential terms;
- iii. Establish procedures that allow for small groups to cluster or make joint bids;
- iv. Encourage that bidders for larger contracts are given more preferential terms where their supply chain contains qualified MSMEs that are adding domestic value;

- v. Promote alignment of the procurement framework with support measures for MSMEs, such as access to finance and business development services;
- vi. Advocate for procurement activities under the set-aside programme are included in the procuring entity's Procurement Plan;
- vii. Advocate for the amendment of the threshold for exemption from bid security requirement to a value that allows for MSMEs to be participate more effectively;
- viii. Advocate for an increase of the threshold for exemption from Performance Security requirements to a value that allows for MSMEs to participate more effectively;
- ix. Promote a system for the advertisement of all contracts designated for MSMEs on a single GoJ website (e-GP);
- x. Promote the establishment a database to capture MSME participation, contract awards and contract values as well as to monitor the performance of procuring entities and MSMEs; supported by an electronic procurement system;
- xi. Facilitate voluntary registration of MSME contractors through a web-enabled National Procurement Registry framework. This should be integrated with the website, which will provide information on the procurement opportunities under the set-aside allocation;
- xii. Foster a sensitization programme for MSMEs, and procurement officers, to ensure that each group understands the changes required and is equipped to implement and support those changes;
- xiii. Encourage MSME stakeholders both private and public, to collaborate in providing integrated, low cost training, online business information to assist MSMEs to participate in public procurement;
- xiv. Establish a mechanism to monitor and evaluate the performance of MSME in executing set-aside contracts.

It is important to note that in 2015, the Government of Jamaica launched an electronic procurement system (e-GP), under a pilot programme that will be rolled out for the transitioning of all GoJ procurement tendering activities, intended to significantly assist with achievement of deliverables under this section.

## **1.6 Policy Element: Internationalization of MSMEs**

### **A. Policy Issue:**

Limited firm resources, inadequate international contacts, poor managerial knowledge about cross border trading of goods and services are major constraints to MSME internationalization. Factors within the external environment of SMEs, including network and supply chain links, social ties, immigrant links, improved global trade infrastructure, and sector and origin factors seem to stimulate their internationalization. These factors reflect recently emerging trends, including, for example, the increasing importance of linkages with the lucrative supply systems and value chain network of larger global players to MSME internationalization (OECD, 2009)

### **B. Objectives:**

To increase MSMEs exports of goods by 5% by 2023 having established benchmark data by 2019.

### **C. Strategies:**

- i. To foster the increase of MSME participation in regional and global value chains
- ii. To bolster bilateral, regional and international trade relations with MSME specific entities and programme, while simultaneously promoting international trade to the MSME sector
- iii. Promote effective use of the national trade policy landscape by MSME goods and service providers
- iv. Promote linkages with large exporters, SEZ operators and the tourism sector
- v. Promote trade to the Diaspora

### **D. Activities:**

- i. Establish in collaboration with Ministry of Foreign Affairs and Foreign Trade a Diaspora Direct Investment and Marketing Strategy to support MSME development;
- ii. Utilize Jamaica's National Trade Policy to provide an enabling framework for MSMEs;
- iii. Promote Jamaican MSMEs' interests within the regional and multilateral system;
- iv. Increase the number of high value producing MSMEs & strengthen the international competitiveness of MSMEs;
- v. Promote Jamaica as a key player in the global value and supply chain network;
- vi. Promote greater levels of creativity and innovation among MSMEs to foster increased competitiveness;

- vii. Lobby for the formulation and streamlining of the guidelines of the Special Economic Zone framework to ensure MSME participation in the supply and value chain of companies housed in Special Economic Zones;
- viii. Increase MSME participation in regional and global value chains by facilitating greater linkages with regional and international production networks

## CHAPTER 6

### GOAL 2: AFFORDABLE AND APPROPRIATE FINANCING

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Affordable financing has been identified as one of the major constraints hindering the growth, development and sustainability of MSMEs in Jamaica. Tackling the issues of increase financing to MSMEs is aligned with the priorities of the UN Sustainable Development Goal 8, “Promoting inclusive and sustainable economic growth, employment and decent work.” A component of this goal speaks to access to secure banking and financial services. Additionally there is clear alignment with Sustainable Development Goal 9, “Resilient infrastructure, promote sustainable industrialization and foster innovation.” A component of this goal speaks directly to access of small industrial enterprises to financial services. Some of the financing issues revolve around the following:

- a) Unavailability of adequate financing;
- b) High financing costs (high interest rates);
- c) Inability of MSMEs to provide supply the requested collateral for loan financing
- d) Lack of appropriate financing – a preponderance of loan funding and inadequacy of non-loan financing (equity) that would better accord to firms’ business and product life-cycles;
- e) Inadequacy of MSMEs to access financing even when funding is available; and
- f) Underservice by the private financial system (financial exclusion).

These challenges are better appreciated when the MSMEs are assessed in their disaggregated components. The heterogeneous constituents of MSMEs different experiences, challenges and successes in obtaining financing for their businesses are characterized as follows:

- a) The medium and some small (larger) enterprises have substantially *less* challenges in raising financing than the micro and other small (smaller) operators; and
- b) Smaller operators, especially micro enterprises, have substantial challenges in obtaining financing as the private providers consider that component of MSMEs to be particularly risky borrowers, they are the ones least likely to be able to access funding even when resources are available, they have virtually no access to any support except loan financing and unless they are in trading the cost of funds are usually prohibitively expensive.
- c) The micro enterprises and the lower level small business operators tend not to be included in service provision by the private financial sector.

Policy proposals on financing the growth and development of MSMEs in Jamaica must consider the array of issues raised. One of the key drivers to stimulating the growth and development of MSMEs in Jamaica is to increase the supply of and access to affordable financing. Such proposals should take into consideration; *inter alia*, the following issues:

- a) The role of the private financial system versus the role of the State;
- b) The heterogeneous nature of MSMEs and the differentiated needs of the various constituents;

- c) The need for special treatment for the micro enterprise sector and for MSMEs involved in agriculture;
- d) The cost of borrowing to the sector;
- e) Loan versus equity financing;
- f) The use of innovative financing methods; and
- g) Financial inclusion.

## **PART I: FINANCING TO MSMEs (SUPPLY ISSUES)**

### **2.1.1 Policy Element: Provision of Credit**

#### **A. Policy Issue:**

In recognition of the capacity of MSMEs to contribute to economic growth and job creation, and given that the sector continues to face considerable challenges in obtaining adequate and appropriate financing, the Government has introduced a number of initiatives intended to address these issues. Additionally, several private financial entities have begun to increase their financing options targeting MSMEs.

Despite these efforts, there are still a number of other factors adversely impacting financing of MSMEs. These include the following:

- i. There is no comprehensive catalogue of information on initiatives available to support MSMEs, specifically: the institutional support, the nature of the product offerings and requirements for accessing the support;
- ii. Many MSMEs are still reticent to obtain financial support for various reasons, including appearance of exclusion from the financial system, perceived possible loss of control over their businesses, and fear of being targeted for the payment of taxes;
- iii. Outside of trading, there are comparatively little financing opportunities available to MSMEs by the public and private sectors.

#### **B. Objective:**

Establish systems that result in an increase in the supply of credit to MSME by 20% by 2020.

#### **C. Strategy:**

To promote and/or facilitate the establishment of systems that encourages suppliers of credit to target MSMEs.

#### **D. Activities:**

- i. Lobby, incentivize and/or facilitate, as appropriate, the private financial sector to increase the supply of credit to MSMEs, targeting the differentiated needs of the disaggregated components of the sector;

- ii. Ramp up Government efforts to facilitate increasing the supply of financial resources to MSMEs, through the private financial sector
- iii. Explore the possibilities of facilitating special lending options for productive MSMEs;
- iv. Explore the efficacy and feasibility of using unclaimed funds within the financial sector to provide affordable financing to support MSMEs
- v. Incentivize financial institutions, especially commercial banks, to make more loans available to MSMEs in the rural areas
- vi. Promote and facilitate the use of Angel Investing (convertible debt) to fund MSMEs
- vii. Explore the development and utilization of guarantee systems to support SME financing.
- viii. Facilitate training in the monetization/valuation of intellectual property for increased use of this asset as collateral, particularly among the creative industry

## 2.1.2 Policy Element: Equity Financing

### A. Policy Issue:

The Junior Stock Exchange is designed to attract new capital from equity investors, encourage start-ups, and provide financing to existing businesses, thereby enabling businesses to grow. This approach to equity financing has netted impressive results since the JSE was launched in April 2009. Sixteen (16) companies have been listed on the Junior Market as at December 2012. The JSE reported that as at June 2016, there were 33 companies listed, representing a total of \$5.179 billion in capital raised (See Table 5). This is an increase of 83% in capital raised by the Junior Stock Exchange since December 2012.

**Table 6-1: Capital Raised on the Jamaica Junior Stock Exchange**

**April 2009-June 2016 (J\$ M)**

	2009	2010	2011	2012	2013	2014	2015	As at June 2016	TOTAL
<b>Listings</b>	1	7	4	4	7	3	1	6	33
<b>Capital Raised</b>	100	895	953	399	936	718	250	927	5,179

Although the Junior Stock Exchange has delivered on the ‘proof of concept’ over the last seven years, the 33 firms listed on the Junior Market still represent only a fraction of formal SMEs operating in Jamaica. The Junior Market continues to present tremendous opportunities for SMEs to raise capital, to expand their businesses, thereby contributing significantly to employment creation and economic development.

A significant incentive for firms to list on the Junior Exchange has been the income tax relief offered. However, SMEs should realize that withstanding this sweetener, listing on

the Stock Exchange is still one of the most viable financing options to grow and develop their businesses.

‘Venture Capital’ and ‘angel financing’ are other options that provide opportunities for equity financing. According to the 2016 Global Information Technology Report, when Jamaica is assessed for the ease with which entrepreneurs with innovative but risky projects can find venture capital, the country ranked 121 out of 139 countries, and received a score of 2.1, which is appreciably lower than the global average score of 2.92. There has been little movement in this index since the 2013 MSME & Entrepreneurship Policy.<sup>23</sup> This highlights the challenge that exists among innovative businesses in general but which becomes more acute for innovative MSMEs.

In 2013, the DBJ embarked on the Jamaica Venture Capital Programme (JVCP), supported by the IDB through a Technical Cooperation Agreement. The JVCP seeks to develop a dynamic venture capital ecosystem, which will require regulatory changes, training of local investors, fund managers and entrepreneurs. The DBJ will also seek to stimulate investments by becoming an anchor investor in VC funds, partnering with private sector players.

**B. Objective:**

To increase the number of MSMEs utilizing equity financing by 25% by 2019

**C. Strategy:**

To increase the diversity of equity financing options available, making them appealing to MSMEs to explore these mechanisms as viable options for expanding their businesses.

**D. Activities:**

- i. Promote the Jamaican Junior Stock Market as a viable financing option for medium-sized and upper-tier small enterprises;
- ii. Assess the feasibility of introducing a second tier in the Junior Market for lower-tier small enterprises;
- iii. Explore the development of an over –the-counter Exchange in Jamaica that would, *inter alia*, serve smaller companies, provide a cost-effective mechanism for investors to raise capital, and provide an exit option for venture capital and angel investors;
- iv. Promote the development of a regional stock exchange;
- v. Educate SMEs on the merits of equity financing and the options available;

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<sup>23</sup> In the 2013 Policy, the 2011 Global Information Technology Report was cited and Jamaica was ranked as 124 out of 138 countries, with a score of 1.0 against a global average of 2.67



- vi. Forge greater collaboration with the private sector toward the further development of a venture capital ecosystem, and the use of angel financing that will provide opportunities for funding of MSMEs;
- vii. Promote the use of crowd funding to support MSME growth and development;
- viii. Explore bilateral agreements where SMEs within the Diaspora could direct portions of their Company's Profit Tax to support local fund for venture development;
- ix. Explore the establishment of Diaspora angel and venture funding, offering requisite incentives

### **2.1.3 Policy Element: Non-Traditional Collateral to Access Credit (Secured Transactions Regime)**

#### **A. Policy Issue:**

Access to credit from financial institutions by MSMEs is very challenging, because many MSMEs do not have the required acceptable assets to serve as collateral. Suitable collateral has been cited in many studies as “the most important factor determining the survival and growth of MSMEs in both developing and developed countries”.

The Organization of American has noted that:

*“Wealth in Latin America has remained almost exclusively land-based. Consequently, when assets are physically located in Latin America or the Caribbean, lenders are constrained by outdated laws that are largely based on real property regimes. Developing modern legal frameworks will foster the necessary transition to enable financing secured by personal property in order to help businesses, especially MSMEs, gain access to affordable credit.”*

This situation has existed generally in Jamaica, and MSMEs are not able to access credit from financial institutions because they do not possess the traditional real property assets (for example: land, house, etc.) that can be used as collateral. Many MSMEs would therefore not even seek application for loans as there is this pre-disposition that they would not meet the desired collateral requirements.

The Government has therefore recognized that a modern Secured Transactions Regime (STR) is a critical policy measure to addressing this collateral deficiency. The OAS has been providing technical support to many member countries in Latin America and the Caribbean, including Jamaica, in enhancing their STRs.

In January 2014, the Government of Jamaica introduced a new STR with the passage of the Security Interests in Personal Property Act (SIPPA), and the establishment of a National Collateral Registry. The aim was to allow for the use of a new class of assets for consideration as collateral by MSMEs to access credit. The assets would include current

and future tangible and intangible comprising machinery and equipment, inventories, consumer durables, livestock, future crops, accounts receivables and intellectual property.

Market watchers have reported that there is a considerable increase in the number of countries that have adopted and implemented STRs; as viable asset based lending options to MSMEs with lower lending rates and lower defaults, than unsecured lending with longer repayment periods. The 2017 World Bank Doing Business Report has noted that over the past decade, 82 economies have reformed their legislation governing secured transactions.

It was noted that in Ghana, the first economy to operate a collateral registry in Africa, \$1.3 billion was issued in financing for small companies and \$12 billion in total financing for the business sector overall using movable assets as collateral.

The experience with the Jamaican STR does not match the reported successes elsewhere. Since implementation in 2014, the Companies Office of Jamaica (CoJ), reported that the use of the SIPPA legislation for MSME financing has been limited, with only a small amount of the notices filed in the Registry in 2014 and 2015 being related to MSME financing.

More work is being done to enhance the STR in Jamaica, and to promote it among banks and non-banks as a suitable financing option for funding MSMEs. The public awareness and sensitization of the STR in Jamaica, would address *inter alia*, new regulations by the Central Bank related to the classification of loans, based on quality of collateral, credit risks, appropriate valuation mechanisms, disposal of assets in secondary markets, data collection of data for effective monitoring and evaluation, and strong stakeholder public education.

**B. Objective:**

To improve MSME financing under the Secured Transactions Regime.

**C. Strategy:**

To support banks and non-bank financial institutions in the designing and offering of asset-based loan products under the STR targeting MSMEs.

**D. Activities:**

- i. Complete the assessment of the 2013 Security Interests in Personal Property Act and identify deficiencies in its effectiveness;
- ii. Conduct further assessment of the STR to enhanced its effectiveness in Jamaica;
- iii. Lobby the Bank of Jamaica to complete the regulations on the classification of loans made by financial institutions (especially commercial banks) based on quality of collateral and credit risks;

- iv. Engage the banks and non-bank financial institutions to participate in proposing recommendations for enhancing the efficacy of the STR, based on the findings of the assessment and evaluation;
- v. Address the capacity of MSMEs to apply for and to absorb financing under the regime, emphasizing governance platform of accountability;
- vi. Developing and implementing a robust and comprehensive data collection system to facilitate monitoring and evaluation;
- vii. Ensure regular monitoring and evaluation of the performance of the STR to make adjustments as required to improve efficacy of the regime in meeting policy objectives;
- viii. Devise a sustainable and targeted promotional, education and information campaign for the STR to educate attorneys, financial institutions and accountants and to increase awareness in the MSME community;
- ix. Conduct a feasibility assessment of an electronic factoring platform and establish the platform;
- x. Continue to provide financing for the business clusters using the group guarantee which eliminates the need for individual collateral;
- xi. Revise the legal, regulatory and tax framework for the assignment of receivables financing.

## **PART II: ACCESS TO FINANCING (DEMAND ISSUES)**

### **2.2.1 Policy Element: Interest Rates for MSME Loans (Aligned to Access to Credit)**

#### **A. Policy Issue:**

MSMEs are required to pay higher interest rates than are typically faced by other borrowers; especially among smaller sized firms. This is a result of the assessment of significantly higher credit risk by lenders. These risks are derived from the informality of MSMEs, especially micro-entrepreneurs, who generally have poor financial capability and institutional capacity, low value or lack of adequate collateral to be leveraged by creditors, inadequate knowledge of financial products, and lack of appropriate record keeping.

As a consequence, creditors tend to adjudicate higher interest rates than normally obtained, with the effect of increasing the cost of capital to MSME.

#### **B. Objectives:**

To have a reduction in interest rates margins on credit offerings to MSMEs by end of 2017

### **C. Strategy:**

To establish systems that encourage financial institutions to offer lower interest rates to MSMEs.

### **D. Activities:**

- i. Place limits on mark-ups on funds being on-lent to MSMEs through Approved Public-supported Financial Institutions;
- ii. Identify sustainable sources of affordable funding to channel through GoJ wholesale financial institutions, thereby expanding the pool of funds for on-lending at reduced interest rates;
- iii. Encourage both bank and non-bank financial institutions to adopt efficiency mechanisms in their operations to facilitate lower interest rates;
- iv. Increase business support and development services to MSMEs, thereby enhancing their capability to benefit from increased support by financial providers.

## **2.2.2 Policy Element: Capacity Development**

### **A. Policy Issue:**

Several studies have indicated that in many jurisdictions MSMEs do not seek to apply for financing because of an *a priori* belief that they would not be able to access the funding. Further, many SMEs have no hard information on the range of financing options. If MSMEs are to grow and develop in Jamaica, it is imperative that policies are developed to strengthen the capacity of MSMEs to access funding.

### **B. Objective:**

To enhance capacity systems that result in an increase in MSMEs accessing financing by 20% by the end of 2023.

### **C. Strategy:**

To support the establishing of processes that bolsters MSMEs capacity to access and absorb financing.

### **D. Activities:**

- i. Establish a comprehensive catalogue, readily available to MSMEs of initiatives to support the sector, the nature of the products offerings, and the requirements to access them;

- ii. Strengthen business support and development services to MSMEs to empower them to seek financial support;
- iii. Design business development support to ensure that MSMEs have the capacity to manage financial resources;
- iv. Establish national events and calendar of networking events of MSMEs, financial institutions and other suppliers of financing;
- v. Bolster capacity of MSMEs to improve accountability and record keeping
- vi. Ensure standards are in place for the efficient and effective delivery of credit to MSMEs;
- vii. Facilitate the provision of special loan programmes and financing windows that target qualified Women-Owned Businesses, youth-owned businesses and persons with disabilities operating businesses;
- viii. Support the role of Credit Bureaus in furnishing AFIs with credit information to assist them in assessing the credit worthiness of MSMEs to determine their ability to service loans;
- ix. Implement loan default insurance;
- x. Promulgate and implement the Microcredit Act;
- xi. Enhance the institutional and regulatory framework for financial service providers to provide innovative financial products and services, leading to greater financial inclusion;
- xii. Increase awareness of grant funding opportunities to support MSMEs;
- xiii. Increase awareness of grant funding opportunities, traditional and alternative financial services available to support MSMEs;
- xiv. Develop new distribution channels for on-lending of funds to MSMEs

## CHAPTER 7

### GOAL 3: ADEQUATE BUSINESS DEVELOPMENT SUPPORT

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The characteristics of MSMEs in Jamaica are such that, unlike large firms, they are frequently in need of a wide array of business support services to enhance their growth and development. Typically, many MSMEs are characterized by a number of features:

- Driven by necessity rather than opportunity in starting a business;
- Management structure dominated by founder/entrepreneur/proprietor and not by professional, trained managers;
- Operate informally from a legal and/or/regulatory standpoint;
- Function informally from an operational standpoint in terms of structure, keeping of records (costs, sales, etc.);
- Have difficulties accessing financing, whether loans, equity or some combination thereof;
- Have difficulties growing from one level to another;
- Challenged in marketing, sales and distribution of their products and services;
- Challenged entering supply chains including export markets, and in moving up value chains;
- Challenged in meeting production levels and quality, packaging standards, etc and, thus, entering and maintaining a presence in the market place; and
- Challenged in monetizing inventions, innovations, intellectual property, etc.

These challenges, while typical of MSMEs *vis-à-vis* large firms, are more pronounced at the lower end of the MSME spectrum. Policy proposals must address these business support and development challenges faced by MSMEs, while being mindful of the extent of the needs of the disaggregated constituents making up the MSME space. Particularly in recognition of the United Nation’s Sustainable Development Goals 9, “Build resilient infrastructure, promote sustainable industrialization and foster innovation and Sustainable Development Goals 12, “Ensure sustainable consumption and production patterns.” This goals includes inter alia sustainable business practices, increase information and relevant knowledge.

#### **3.1 Policy Element: Comprehensive Training and Development Framework**

##### **A. Policy Issue:**

Training, technical assistance and support are pivotal to the growth and viability of the MSME sector. Business Support and Development needs to be executed on various levels:

- Addressing base issues such as business formalization businesses, business management, business operational systems, record keeping, capacity building to enhance business performance;
- Focus on specific challenges of MSMEs at a sub sector level and specifically early stage of development.

The JBDC is the government agency charged with the responsibility for MSME development and leads in the provision of business support and development

services. Interventions also are provided by other entities such as the HEART Trust/National Training Agency (NTA); the DBJ through a network of business development advisors; the Jamaica Social Investment Fund (JSIF); the Social Development Commission and several other entities in government, academia, the private sector and the social enterprise sector.

Despite the existence of several entities offering targeted business development services, the combined reach remains limited. The 2013 Policy indicated that approximately five percent (5%) of the MSME sector is receiving business development support.

JBDC, in an effort to expand its services, has seven (7) satellite offices across the island, partnering with other organizations. However, there is recognition that the other institutions engaged in business education and training have a fundamental role to play if MSMEs are to flourish. Thus the creation of synergies across the various training agencies, departments and universities to streamline the offering of a comprehensive platform will increase delivery and improve impact.

**B. Objective:**

To increase the number of MSMEs accessing training and development support by 30% by the end of FY 2018/19

**C. Strategy:**

Utilize a focused approach to improving the network, availability and accessibility of quality service providers for MSMEs.

**D. Activities:**

- i. Pursue the development of the ‘hub and spoke’ network model employed by the US that has a nationwide network of small business development centers (spokes) that are supported by a central organization (hub) that develops training programmes and manuals for the centres and their small business advisors<sup>24</sup>;
- ii. Establish a SME Business News Web Portal to provide ongoing information and access to web based training tools for members of the sector<sup>25</sup>;
- iii. Sensitize MSMEs on the need to protect intangible assets such as copyrights, trademarks, patents and rights;

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<sup>24</sup> This network will be underpinned by management information system that will allow for monitoring measurement of business counselors and provide impact assessment data. This approach allows for exponential but orderly growth is the delivery of business development services through a range of organisations including Community-Based Organisations (CBOs), Faith-Based Organisations (FBOs), educational institutions and private enterprises.

<sup>25</sup> There would be a regulated forum where registered members and resource persons can share information via the internet.

- iv. Utilize Geo-Informatics Systems to map and create the necessary resource centers/clusters comprising the business information and support services available for the MSMEs
- v. Design a system that will re-align the mindset of the students to become both entrepreneurs and ‘intra-preneurs’;
  - a. Engage the Ministry of Education Youth and Information (MoEYI) to integrate the discipline of Business Management and Entrepreneurship in the teacher-training curriculum at the teachers colleges island wide;
  - b. Support local not-for-profit organizations representing MSMEs such as the SBAJ and the MSME Alliance

### **3.2 Policy Element: Preparing, Facilitating and Enabling MSMEs to Access Financing**

#### **A. Policy Issue:**

One seemingly unique challenge facing MSMEs is their inability to access financing, even when funding is available. This is reportedly the case among private and public sector lenders. The challenges include: inadequate knowledge service offerings; lack of business plans, insufficient business records, access to equity financing, and financial statements and business viability.

SMEs are likely to qualify for listing on the Jamaican Junior Stock Market, but some face severe challenges. Some MSMEs keen to utilize other equity funding options such as: venture capital, angel financing or crowd-funding are faced challenges.

From a policy perspective, the financing loop has to be closed – providing increased supply of financing to MSMEs but also enhancing the capacity of MSMEs to access financing.

#### **B. Objective:**

To increase the number of MSMEs accessing loan and equity financing through improved capacity by 20% by the end of 2022;

#### **C. Strategy:**

To use a focused and networked approach to improving the capacity of MSMEs to access financing.

#### **D. Activities:**

- i. Encourage, assist and facilitate micro enterprises to formalize their businesses legislatively and by regulations;
- ii. Encourage, facilitate and enable MSMEs to normalize and formalize their business operations by structuring operations in a business-like manner, keeping records of



costs, sales, etc., to provide the basis for financial statements and the ability to assess the financial viability of businesses;

- iii. Assist businesses to develop business plans;
- iv. Promote existing arrangements and forge new collaborations to implement tailored programmes to assist SMEs to access equity financing – listing on the Jamaica Junior Stock Exchange, accessing angel financing and venture capital funding, utilizing crowd-funding and using any eventual over the counter exchange;
- v. Establish a comprehensive information directory for MSMEs of institutions offering financing solutions to the sector, the nature of the product offerings, and requirements.

### **3.3 Policy Element: Technical Skill Levels of MSMEs**

#### **A. Policy Issue:**

Inadequate technical skills continue to hamper the establishment, growth and viability of MSMEs. Many have them have challenges acquiring technology products such as: computer hardware/applications, accounting and human resource software to undertake business development procedures efficiently.

E-training is not widely embraced by MSMEs, some are unaware of new technical skills which can be beneficial to their enterprises. Additionally, several sub-sectors need to modernize and retool and adopt greater levels of science and technology inputs.

#### **B. Objective:**

To bolster the technical skill levels in the MSME sector by 20% by FY 2018/19 resulting in increasing total factor productivity within the sector.

#### **C. Strategy:**

To support the establishing of a network of accessible service providers that offer technical capacity building for MSME sector.

#### **Activities:**

- i. Adopt methodologies that support MSME development over the entire entrepreneurship process – emphasizing components of governance, strategic planning, and business modelling

- ii. Facilitate the compilation of an online directory of available technical training assistance resources. This information will be made available on the MSME Business News Web Portal;
- iii. Accelerate the wider incorporation of technical/vocational training at the primary, secondary and tertiary levels of the educational system;
- iv. Support the development and work programme of incubators and accelerators in building capacity to enhance their potential to attracting financial support ;
- v. Collaborate with existing programmes that support the development of entrepreneurial thinking and practices such as: Community Empowerment and Transformation Programme COMET II, JSIF's REDI programme, SDC's LED programme and NHT's Best Schemes Programme;
- vi. Promote the Career Advancement Programme (CAP) to potential existing and potential MSMEs;
- vii. Promote awareness of the importance of technical skills in the development and growth of MSMEs, through libraries, Youth Clubs, 4H Clubs and other relevant outreach programmes;
- viii. Assist in building capacity of MSMEs to apply technology, road-mapping and horizon scans in identifying and selecting relevant technologies for business application.

### **3.4 Policy Element: Development of Robust Business Mentorship Programme (through a Structured Network of Resource Persons)**

#### **A. Policy Issue:**

A critical strategy for delivering business support, promote entrepreneurship, grow and develop MSMEs is the establishment of a robust Business Mentorship Programme. This can be facilitated through a structured network of resource persons and institutions.

#### **B. Objective:**

To establish a structured network of resource persons and firms that can provide mentorship to MSMEs, by FY 2018/19.

#### **C. Strategy:**

To use web-based technologies to develop and implement a plan for a structured Mentorship Programme for the MSME sector, comprising local, regional, diaspora and international experts.

#### **D. Activities:**

- i. Encourage entrepreneurs, senior business executives and professionals with proven track records in particular fields to volunteer as mentors;
- ii. Establish a network with the Diaspora Alumni Associations across US, UK and Canada, to support transnational mentorship programme with their alumni<sup>26</sup>;
- iii. Expand existing internship programmes with private sector entities that are embracing creativity, innovation and a culture of entrepreneurship;
- iv. Provide resources to facilitate networking opportunities and to match mentors and MSME entrepreneurs;
- v. Introduce a Recognize Program for Business Mentors who provide assistance to MSMEs;
- vi. Organize educational activities to enhance the mentorship experience (for example seminars, workshops, site visits, etc);
- vii. Facilitate and promote online business counseling;
- viii. Establish entrepreneurship and business mentorship programmes in primary and secondary schools and in tertiary institutions.

### **3.5 Policy Element: Demand for Traditional Goods and Services**

#### **A. Policy Issue:**

Low demand for traditional goods and services from MSMEs is primarily driven by improper or insufficient marketing and a lack of understanding of the sector(s) in which they are competing.<sup>27</sup> Additionally, the products and services of MSMEs are usually not tailored to niche or preferential markets, and this impedes their performance in markets which have the presence of several larger businesses. Product differentiation among MSMEs is also a factor which hinders the competitiveness of Jamaican MSMEs competing in global markets.

The demand for products produced by MSMEs is adversely affected by poor packaging and inadequate conformity to standards. There is also weakness in the bargaining power of MSMEs, especially when dealing with relatively large-scale suppliers and buyers. Besides,

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<sup>26</sup> Note that a Diaspora registry is being developed by the Ministry of Foreign Affairs and Foreign Trade.

<sup>27</sup> According to Rudjito, most MSMEs do not have an understanding of the market in which they operate in terms of its size, the kind of products that are demanded and the form of packaging and distribution expected.

when MSMEs have an understanding of the market, they are sometimes challenged by difficulties in procuring raw materials.

**B. Objectives:**

To increase the market share for goods and services produced by MSMEs by 10% annually.

**C. Strategy:**

Facilitate the establishment of a system that guides MSME concept and product development specific to the targeted markets

**D. Activities:**

- i. Develop a direct marketing strategy of high quality brand Jamaican products specifically targeting the Diaspora Market;
- ii. Bolster JBDC outlets and Productivity Centres so they can continue and expand their services to the increasing number of clients, emphasizing Brand Jamaica;
- iii. Conduct research and disseminate information to local MSMEs about key requirements in international markets;
- iv. Facilitate the promotion of non-traditional exports such as the creative arts, ethnic food and apparel, through overseas missions and consulates;
- v. Provide an outlet for better retailing of products by MSMEs. Emphasis will be placed on the supply of goods to areas with a notable Caribbean Diaspora presence;
- vi. Facilitate the promotion and strengthening of agencies that play a vital role in the areas of standards-setting, package design and marketing;
- vii. Assist to market and showcase the products and services of MSMEs through the internet;
- viii. Strengthen agencies that play a key role in the identification, facilitation and development of products with a high export potential;
- ix. Support business support organizations that promote MSME-produced goods and services among children in schools, so as to develop life-long loyalty to local products;
- x. Promote greater linkages between MSMEs and large businesses in the tourism sector;
- xi. Promote greater linkages between MSMEs and special economic zones to increase MSME involvement in local and global value chains

### **3.6 Policy Element: Marketing and Communication Skills**

#### **A. Policy Issue:**

Demand for the goods and a service from MSMEs is generally hindered by the inability of MSMEs to effectively market their products. Common marketing problems faced by MSMEs include having a limited customer base, lack of access to marketing resources and a lack of formal marketing plans and marketing skills

#### **B. Objective:**

To increase the marketing and communication skills among 20% of client MSMEs annually

#### **C. Strategy:**

To support the greater use of technology in the development of programmes that bolsters MSMEs capacity to market and communicate more effectively

#### **D. Activities:**

- i. Promote and facilitate technical training to help build marketing and communication capacity among MSMEs, through the support of both private and public technical Business Development Service (BDS) providers;
- ii. Promote MSME awareness of BDS providers which focus on the improvement of marketing skills;
- iii. Facilitate the use of ICT as an avenue for MSME operators to access information necessary to facilitate “self-paced” empowerment and knowledge;
- iv. Encourage MSMEs to use online social networks to promote their products;
- v. Implement structured internship programmes involving tertiary level students in order to increase business development support in the area of marketing and communication;
- vi. Encourage and facilitate the integration of MSMEs in marketing integration possibilities offered by support networks such as the SBDCs, Connect Americas etc.

### **3.7 Policy Element: Developing MSMEs through Business Clusters and Centres**

#### **A. Policy Issue:**

Business clusters have been identified as important for business development, competitiveness, productivity, knowledge-sharing, marketing and networking. They provide MSMEs with the opportunity to operate in an environment with interconnected

businesses. Through interconnectivity, businesses have an opportunity to form valuable relationships which may lead to increased competitiveness. The need for the establishment of business clusters in Jamaica has been verified by the JBDC and JAMPRO.

**B. Objective:**

To increase the number of business clusters in the sector by 10% annually.

**C. Strategies:**

To foster collaboration between the public and private sectors and other stakeholders in developing business clusters, and to support programmes that provide guidance to the MSME sector on business clusters.

**D. Activities:**

- i. Review JBDCs approach to clustering to incorporate lessons learnt so as to guide future efforts;
- ii. Collaborate with the private sector, MSME associations and academia to deliver a pointed and persistent education programme to inform MSMEs of the benefits of being part of a cluster;
- iii. Facilitate the hosting of quarterly idea exchange sessions for specific business clusters across the country. In addition to the exchange of ideas, there should be relevant presentations that will help to ignite creative thinking especially among business leaders;
- iv. Develop a coordinated and structured methodology for accessing funds/resources offered by multinational organizations to support the formation and/or improvement of business clusters;
- v. Partner with real estate owners/developers to provide suitable building infrastructure for small businesses;
- vi. Allocate underutilized government buildings for business clusters, centres and zones, with special emphasis on communities with high rates of unemployment;
- vii. Collaborate with International Development Partners to secure funding to build out and equip business clusters.

**3.8 Policy Element: Developing Business Incubators**

**A. Policy Issue:**

Among MSMEs, start-ups and early-stage companies constitute special categories that can benefit from specific business support and development services, and a critical element for such delivery are business incubators. Incubators typically will provide a variety of services

such as provision of space (office and/or production space), market research and marketing assistance, legal, accounting, computing and networking services. Additionally, business incubators sometimes focus on specific industries and will use different business models.

**B. Objective:**

To increase the number of business incubators serving MSMEs

**C. Strategies:**

To foster collaboration between the public and private sectors, tertiary institutions and other stakeholders in developing business incubators, and promoting the concept of business incubators as primary developers of MSME start-ups and strengthening early-stage companies

**D. Activities:**

- i. Develop requirements, protocols, incentives and facilitating provisions for the development of incubators;
- ii. Collaborate with stakeholders to develop incubators;
- iii. Collaborate with potential developers and users to suggest the preferred types of incubators to be developed and seek to develop them as priorities

**3.9 Policy Element: Standards, Quality and Safety of Products and Services**

**A. Policy Issue:**

Market access<sup>28</sup> is generally a challenge for MSMEs because of the technical barriers faced when seeking to enter some overseas markets. These barriers include standards, certification<sup>29</sup> and accreditation<sup>30</sup> requirements, rules of origin, customs procedures and labeling and packaging rules.

MSMEs generally lack the capacity to identify and meet the standards and other requirements of export markets. Relatively low level of awareness of the importance of standards, and inadequate financial resources to improve processes are cited as key drivers. Building the capacity of MSMEs to improve quality standards should be promoted.

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<sup>28</sup> Market access refers to the conditions, tariff and non-tariff measures for the entry of specific goods into export markets.

<sup>29</sup> In the context of ISO 9001:2008 or ISO 14001:2004 certification refers to the issuance of a written assurance (the certificate) by an independent external body that has audited a management system and verified that it conforms to the requirements specified in the standards.

<sup>30</sup> Accreditation refers to the formal recognition by an independent third party entity (an accreditation body) that specified requirements related to conformity assessment bodies (laboratories, and inspection and certification bodies) have been met and that the accredited body is competent to perform specific tasks

The EU is known for its compliance of food products. Food exported to European markets must comply with the Hazard Analysis and Critical Control Points (HACCP)<sup>31</sup> requirements.

Accreditation is critical to gaining market access. When products exported are accompanied by certificates bearing the symbol of a recognized accreditation body, it is usually accepted by the importing country so eliminating the need for retesting at the ports. Two USA regulations, the Consumer Product Safety Improvement Act, 2008 and the Food Safety Modernization Act (FSMA), 2011, require the use of accredited laboratories for certifying products to be exported to the USA.

Accreditation therefore enables access to world markets by allowing products to be tested once in Jamaica and accepted everywhere. MSMEs should ensure that the laboratories which they select to test their products are accredited.

**B. Objective:**

To increase the competitiveness and market access of goods and services that meets international standards and certification.

**C. Strategies:**

To facilitate the amplification of processes, which ensure that MSMEs goods and services meet the required standards, certification and accreditation for entry into targeted markets

**D. Activities:**

- i. Identify and address the issues MSMEs face with becoming involved in the standards development process;
- ii. Develop and implement communication mechanisms to increase the awareness of MSMEs about the benefits of standards and certification (product and management systems);
- iii. Develop and implement initiatives (e.g. provision of training, technical guidance, grants) to support MSMEs in the implementation and maintenance of regional and international standards;
- iv. Encourage MSMEs to seek certification (product and management system) for their goods and services;
- v. Develop and strengthen the capacity of local intermediaries (e.g. business support organizations {BSOs}) to provide services to MSMEs in the implementation and maintenance of regional and international standards

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<sup>31</sup>Hazard Analysis Critical Control Points (HACCP) is a methodology, which food processors, packagers and distributors must use to identify the potential hazards that can be introduced while food is under their care. Furthermore, it determines how those hazards can be prevented, eliminated or reduced to acceptable levels.



- vi. Facilitate development of sector-specific standards for the priority sectors identified in national policies and plans such as the National Export Strategy;
- vii. Develop, maintain and publicize a database of accredited conformity assessment bodies (laboratories, inspection and certification bodies) and certified companies;
- viii. Identify and seek to reduce or remove selected business constraints, including technical barriers to trade, faced by MSMEs;
- ix. Provide relevant and up-to-date information on standards-related market access requirements in export countries is identified and provided to MSMEs;
- x. Promote the certification and accreditation services provided by the National Certification Body (NCBJ) and the Jamaican National Agency for Accreditation (JANAAC);
- xi. Provide accreditation-related training and make relevant technical information available to MSMEs;
- xii. Promote ISO 9001-2008 quality management system certification across the entire public and private sectors to modernize quality management systems in their organizations;
- xiii. Establish Quality-Based Competitions in the MSME sector, the reward for which will be mentorship from successful businesses;
- xiv. Adopt a more niche marketing strategy for MSMEs, in particular the Jamaican and Caribbean Diaspora.

### **3.10 Policy Element: Labour Productivity and Conditions**

#### **A. Policy Issue:**

The Jamaica Productivity Centre (JPC) reports that labour productivity (or output per worker) has declined at an average annual rate of 1.3 per cent between 1973 and 2007. Labour productivity in Jamaica compares poorly with its trading partners and in CARICOM, which have experienced annual increases of 1.5 per cent since 1972. According to the JPC, the average worker in Trinidad and Tobago was three times more productive than the average Jamaican worker when measured in 1997 and this gap widened significantly by 2007.<sup>32</sup>

The PIOJ explains that several factors contribute to low labour productivity, including inadequate investment in human and physical capital, inadequate investment in science and

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<sup>32</sup> Jamaica Productivity Centre, Jamaica: Productivity Summary Report 1972-2007 (see page v)

technology, inadequate plant organization and management systems, and poor labour-management relations.<sup>33</sup>

While the MSME sector is a significant contributor to employment in Jamaica, the conditions of employment within the sector must also be addressed. The Labour Market and Productivity Sector Plan (contained in the Vision 2030 Jamaica) recognizes that more needs to be done to improve working conditions especially among MSMEs.

**B. Objective:**

To improve the total factor productivity of the MSME labour force.

**C. Strategies:**

To facilitate networking of HR service providers and MSMEs to ensure continuous improvement in labour productivity.

**D. Activities:**

- i. Collaborate with HMRAJ to enhance factor productivity of MSMEs;
- ii. Increase the capacity of the Jamaica Productivity Centre to expand technical assistance to all MSMEs<sup>34</sup>;
- iii. Encourage and reward MSMEs that offer training and development opportunities for staff;
- iv. Enforce existing legislation regarding occupational health and safety and other issues impacting the work place;
- v. Increase awareness and facilitate greater utilization of the services provided by the Ministry of Labour and Social Security to help MSMEs with effective job matching<sup>35</sup>.

**3.11 Policy Element: Creative Industries**

**A. Policy Issue:**

The success of MSMEs is dependent on their ability to generate ideas and create opportunities for novel products and services and create objects of arts. Jamaica is endowed with creative offerings which have helped to shape its culture and confirm its level of innovativeness over the years. These creative offerings generally fall within the category of

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<sup>33</sup> Labour Market and Productivity Sector Plan, (Page 25) See [http://www.vision2030.gov.jm/Portals/0/Sector\\_Plan/Microsoft%20Word%20-%20%20Labour%20Market%20&%20Productivity%20%20.pdf](http://www.vision2030.gov.jm/Portals/0/Sector_Plan/Microsoft%20Word%20-%20%20Labour%20Market%20&%20Productivity%20%20.pdf)

<sup>34</sup> The Jamaica Productivity Centre (JPC) offers Productivity Advisory Services to private and public organizations and industries that will enhance their capacity to initiate and sustain productivity growth. Services are offered in the following areas: process and systems improvement, inventory control, quality control, Kaizen management, energy productivity, benchmarking and best practices and productivity-linked wage systems (PLWS). See: <http://www.jpc.com.jm/services.html>

<sup>35</sup> The Ministry of Labour and Social Security offers job-matching services through the Electronic Labour Exchange (ELE). The ELE allows employers to access a large pool of potential applicants no cost.

‘Creative Industries’ which emerge from the individual creativity, talent and skill of the Jamaican people.

The Vision 2030 National Development Plan identifies these as industries involved in the ‘creation, production and commercialization of contents which are intangible and cultural in nature, which are typically protected by copyright, and which may take the form of goods and/or services. It highlights these industries as capable of becoming major contributors to economic growth based on the country’s ‘demonstrated competitive advantages.

The Creative Industries in Jamaica encompass: music, crafts, fashion and sports, and involve activities such as: printing, publishing and production of multimedia, audio-visual, phonographic and cinematographic materials. Creative industries may also encompass architecture, sports, manufacturing of musical instruments, visual and performing arts, advertising and cultural tourism. These industries are forging strong linkages with many sectors and have the potential to generate wealth and create meaningful employment.<sup>36</sup>

The World Intellectual Property Organization (WIPO) reports that copyright industries contribute roughly 4.8 per cent to the GDP of Jamaica, and account for 3.0 per cent of all employment.

**B. Objective:**

To increase participation of MSMEs in the creative industry.

**C. Strategy:**

Collaborate with relevant Ministries in implementing the Creative Industry Strategic Plan, which articulates the role MSMEs are expected play in producing goods and services.

**D. Activities:**

- i. Support the revision of the existing Creative Industry Strategic Plan, while implementing relevant recommendations;
- ii. Support the establishment of a Creative Industry Institute with departments with responsible for individual components of the industry including sports, music, fashion, film, cuisine as recommended in the 2008 strategic plan;
- iii. Promote alignment of the creative industry strategic plan among all relevant stakeholders;
- iv. Facilitate special training<sup>37</sup> for MSMEs operating in the creative industries. Training should be offered in areas such as business practices for these industries and the use of ICT tools in production and commercialization of creative goods and services;

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<sup>36</sup> See Vision 2030 National Development Plan, pg. 217

<sup>37</sup> One area that has been identified for these special training is contract enforcement.

- v. Facilitate e-training through Massive Open Online Courses (MOCCs) which are available in business practices, film-making etc;
- vi. Facilitate greater links with the Diaspora to expand the market for authentic creative goods and services;
- vii. Implement the national craft policy to facilitate the diversification of creative products and maximize the export potential of MSMEs;
- viii. Promote non-traditional exports in the creative industries e.g. creative arts, ethnic food, and apparel;
- ix. Promote awareness of the global creative economy among entrepreneurs;
- x. Address issues related to the implementation trade agreements to facilitate greater ease of entry into traditional and non-traditional markets;
- xi. Increase resources to the Jamaica Intellectual Property Office (JIPO) to assist with promoting public awareness of the value of intellectual property;
- xii. Promote greater linkages between the creative industries and other sectors of the economy;
- xiii. Develop networks and clusters specifically for the creative industries and establish more business incubators for creative entrepreneurs<sup>38</sup>;
- xiv. Promote greater application of ICT in the production, distribution and marketing of creative products and services;
- xv. Provide more suitable financing options for entrepreneurs operating in creative industries;
- xvi. Strengthen institutional support organizations such as Jamaica Intellectual Property Office (JIPO), Jamaica Association of Composers, Authors and Publishers Limited (JACAP), Jamaican Copyright Licensing Agency (JCAP) and Jamaica Music Society (JAMMS);
- xvii. Consider reducing IP registration fees to drive registration and commercialization on IP;
- xviii. Increase data and information on the creative industries and update study on economic contribution of the Copyright-based industries in Jamaica.

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<sup>38</sup> More incubators are needed for specific industries, such as fashion (see the Toronto Fashion Incubator (<http://fashionincubator.on.ca/>). The JBDC and other stakeholders will continue to be integral to the process of establishing business incubators through its Incubators and Resource Centre

## CHAPTER 8

### GOAL 4: A CULTURE OF ENTREPRENEURSHIP AND INNOVATION

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#### 4.1 Policy Element: Entrepreneurial Skills

##### A. Policy Issue:

Despite the increase proliferation of entrepreneurship training institutions in Jamaica from the secondary high school level to tertiary, formal training of entrepreneurship is relatively low within the MSME sector. MSMEs continue to lack general proprietary skills, which hamper their development and growth.

It is important that their entrepreneurial skills, values and attitudes are strengthened to drive innovation, creativity, and wealth creation with the MSME sector. The vision is to shift the paradigm from merely *“buying and selling”* to productive businesses that can contribute measurably to growing the economy.

Vision 2030, Jamaica’s strategic development framework, recognizes the deficiencies in the training system as follows:

*“The training system does not sufficiently promote a culture of entrepreneurship. It is important that this system presents entrepreneurship as a possible and desirable outcome of training.”*

##### B. Objective:

To promote the uptake of sound entrepreneurial practices among MSMEs over their life cycle

##### C. Strategy:

Support the design of a coordinated approach to promote capacity building and public education for MSMEs in sound entrepreneurial practices

##### D. Activities:

- i. Expand the inclusion of entrepreneurship and business management in the curricula of institutions at all levels with practical components;
- ii. Pursue and support youth entrepreneurship programmes, and design events to ensure there is public recognition for excellence;
- iii. Partner with stakeholder groups to promote entrepreneurship nationally for wealth creation and economic growth;

- iv. Promote the development of incubators and accelerators to assist start-ups with the technical skills, technology; business, management, legal and accounting support to attract equity investment;
- v. Promote creativity and innovation within MSME operations to achieve competitive advantage.

#### **4.2 Policy Element: Business Sustainability and Fear of Failure**

##### **A. Policy Issue:**

Among the major barriers to business entry and exit that influences a person's decision to start or to grow a business is the fear and 'stigma' of failure. Research shows that the perception of the costs of business failure can be a disincentive to entrepreneurship. The 2014 GEM Global Report indicated that 22% of the adults surveyed stated that fear of failure would prevent them from starting a business. This is a decline from the 33% reported for Jamaica in 2010.

The fear of failure is greater in innovation driven economies when compared to factor driven and efficiency driven economies. In the EU, fear of failure averaged 40.7%, and 33.1% in North America. It should be noted that many entrepreneurs in Jamaica are micro, necessity-based entrepreneurs, which may account for the relatively low response rate for fear of failure in Jamaica.

The risk of business globally is high. The US Small Business Administration reported that 66% of new businesses with employees in the US survive in business for at least 2 years, and about 50% survive at least 5 years. The 2016 GEM Report indicated that consistent business losses and financial hardship in Jamaica accounted for 29.5% of business closures.

##### **B. Objective:**

To ensure that MSMEs have access to specialized support in the event of insolvency;

##### **C. Strategy:**

Engage stakeholders in the design of a structured and accessible programme of support for all MSMEs experiencing losses or insolvency to restructure.

##### **D. Activities:**

- i. Develop programmes that demystify bankruptcy legislation for the reorganization of viable MSMEs in financial distress;
- ii. Educate business owners and managers ON strategies for sustainable business turnaround;
- iii. Develop business counseling and advisory programmes for troubled MSMEs;

### **4.3 Policy Element: Innovation and Productivity through Science, Technology, Research and Development**

#### **A. Policy Issue:**

The utilization of appropriate science, technology (S&T) and research and development (R&D) in business is a key driver in creating higher levels of productivity and total factor productivity (TFP).<sup>39</sup> The Jamaica Productivity Centre (JPC) reported that during periods of improvement in TFP, growth in the Jamaican economy was positive, and during periods of negative economic growth, TFP growth was negative.<sup>40</sup>

Goal 9 of the Sustainable Development Goals which speaks to “building resilient infrastructure, promote sustainable industrialization and foster innovation,” highlights specifically; the need for scientific research; technological capacity of industrial sectors; a regulatory environment that is favorable to industrial diversification; access to ICT; and universal affordable internet access. The Government recognizes the importance of science and technology as key drivers of economic growth, however expenditure in this area is limited. According to Vision 2030 Jamaica, one of the main factors hampering greater exploitation of science, technology and innovation is the low levels of investments in scientific research and development. Jamaica spends 0.3% of GDP on scientific research and development, which ranks low with developed countries. The average expenditure on R&D for Latin America and the Caribbean is 0.6 % of GDP.

Jamaica continues to perform well with respect to the availability of the adoption of modern technologies, and is now ranked 43<sup>rd</sup> out of 139 countries according to the 2016 Global Information Technology Report, moving up from 52<sup>nd</sup> out of 138 countries in the 2011 Report.

Jamaica was ranked 90<sup>th</sup> with regards to households with internet access with only 25.7% of Jamaican households with access to the internet.

#### **B. Objective:**

To increase the number of MSMEs using S&T and R&D by 10% annually.

#### **C. Strategies:**

Support an innovation network among MSMEs, State Entities and other institutions, which supports knowledge sharing, technology, innovation and R&D.

#### **D. Activities:**

- i. Emphasis effective intellectual property protection and incentives to build culture of creativity and innovation, while building the capacity of JBDC, SRC and the Bureau of Standards to nurture, accommodate and grow local innovation;

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<sup>39</sup> Total Factor Productivity is a measure that accounts for the changes in output that are not attributable to changes in the factors of production such as labour and capital.

<sup>40</sup> See Jamaica Productivity Centre, Jamaica: Productivity Summary Report 1972-2007 (see page 4)

- ii. Support the transformation of traditional community centres and shared public spaces into innovation centres. NCYD through the Youth Information Centres already has a platform that can support this kind of transformation.
- iii. Partner with MSME umbrella organizations to promote awareness S&T in competitive global markets;
- iv. Collaborate with HEART Trust/NTA to deliver on-the-job sensitization and training modules with emphasis on making the existing technologies more efficient;
- v. Establish incubators to support MSMEs involved in science, technology and innovation;
- vi. Promote greater use of technology in schools<sup>41</sup>;
- vii. Provide information on innovation, technological and scientific business development services offerings by private and public institutions<sup>42</sup>;
- viii. Encourage umbrella organizations to provide information on technological and scientific business development services to their members;
- ix. Encourage MSME umbrella organizations, business development service providers to develop and use online customer/client relationship management (CRM) software to help stimulate productivity and technological adaptation;
- x. Spearhead the process of aligning the scientific research and development resources of the country to the opportunities in the marketplace through Ministry-University-Industry collaboration;
- xi. Modernize the legislative framework to govern matters related to patent legislation.

#### **4.4 Policy Element: Innovation and Productivity through Information Communication Technology (ICT)**

##### **A. Policy Issue:**

The ICT sector provides opportunities for MSMEs, regardless of the industries in which they operate. **Table 8-1** is an extract from the 2016 and 2013 Global Information Technology Reports, which shows improvement by Jamaica in selected business indicators over the past three years.

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<sup>41</sup> This has been done in other countries such as Japan and India.

<sup>42</sup> The MIIC is developing a Jamaica Business Information System (JBIS) which will facilitate this initiative.



The comparison indicates that Jamaica is now performing average in most indicators. The most significant area of improvement is in the capacity for innovation, and one of the areas in which Jamaica is notably below average is in business-to-consumer use of the internet.

With respect to the percentage of the workforce employed in knowledge intensive jobs, Jamaica, accounts for 20% of the labour force, while Canada leads the Americas indicator at 43.7% in 2016.

**Table 8-1: Jamaica’s Business Usage of ICT 2016 and 2013**

<b>Business Usage Indicator</b>	<b>2013 Rank</b>	<b>2016 Rank</b>	<b>2013 Score</b>	<b>2013 World Avg.</b>	<b>2016 Score</b>	<b>2016 World Avg.</b>
Firm-level technology absorption	67/144	59/139	4.8 <sup>43</sup>	4.8	4.7	4.7
Capacity for innovation	85/144	51/139	2.9	3.3	4.2	4.1
PCT patents, applications	73/144	77/139	-	-	-	-
ICT Use Business-to-Business	77/144	66/139	4.9	5.0	4.7	4.7
Business-to-consumer Internet Use	104/144	93/139	3.9	4.5	4.0	4.5
Extent of staff training in ICT	58/144	67/139	4.1	3.9	4.0	4.0
Knowledge Intensive Jobs	71/144	70/139	20.1%*		20.1%*	
Quality of Math and Science Education	116/144	96/139	3.0	3.9	3.5	4.0

Source: Global Information Technology Report 2013 and 2016

\*Percentage of the Labour Force

The supply of ICT providers is another area of concern. The suppliers of ICT products and services also require an enabling environment that will ensure that their intellectual property are protected, and that the appropriate cyber-crime laws are enforced. This requires a suitable regulatory and legislative environment that will foster new ideas and support the commercialization of those ideas.

**B. Objectives:**

To increase the number of MSMEs using ICT products and services by 10% annually.

**C. Strategies:**

Support an innovation network among MSMEs, state entities and other institutions, which support the adaptation of ICT products and services by MSMEs.

**D. Activities:**

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<sup>43</sup> Scores are 1- 7 with 7 being best)

- i. Promote the importance of creativity as a precondition for innovation, with a focus on STEAM and not just STEM in the national education programmes;
- ii. Promote the introduction of coding, robotics and animations within early and primary education institutions as a means of promoting technology innovation within the formative years of school;
- iii. Support technical training and education to develop a cadre of knowledge workers to make international investments in the ICT sector and the wider economy;
- iv. Support technical training and education to develop a cadre of MSMEs capable of partnering with foreign investors;
- v. Support the introduction of ICT-enabled services to the sector, including Mobile Money<sup>44</sup> and other innovative products and services that will boost the productivity of MSMEs;
- vi. Facilitate the provision of private equity financing and other types of financing options for high-tech MSMEs (those involved in innovation and creation of ICT products and services) that need to acquire ICTs for business development purposes;
- vii. Foster the development of an appropriate legislative framework to support businesses that use or supply ICT products and services;
- viii. Promote the marketing of local products and services through online social networks;
- ix. Collaborate with umbrella organizations to encourage more MSMEs to take advantage of e-commerce opportunities;
- x. Expand ICT infrastructure by collaborating and co-branding with providers of low cost broadband services that can be accessible to all businesses.

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<sup>44</sup> One of the areas currently being explored is the introduction of a mobile money platform to help to facilitate micro-finance services to the sector.

## CHAPTER 9

### GOAL 5: SOCIAL VALUE CREATED THROUGH BUSINESS MODELS

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#### **Social Value Creation**

Individuals, organizations, and governments create social value by positively impacting the society in social, economic, or environmental ways. There are existing enterprises in Jamaica that put social value at the core of their operations, such as MSMEs, NGOs, charities and social enterprises. The net effect of this value on the general economy cannot be overstated as they impact the society at the outcome level. It is therefore instrumental that information of these are captured and measured, using the appropriate measuring standards. Strengthening social value creation capabilities is a continuous and dynamic process that involves the development of strategies and actions to align and streamline the activities of operators in the space to ensure efficiency and effectiveness in the utilization of already limited resources.

#### **5.1 Policy Element: Social Capital**

##### **A. Policy Issue:**

MSMEs are faced with several social challenges driven by a general deterioration in the country's social capital, emanating from a break-down of the norms, values, obligations and trust embedded in the country's social structures, social interactions and overall social institutional arrangements. These attributes are important to facilitating cooperation among organizations, and assist MSMEs to grow and develop.

##### **B. Objectives:**

To establish an online knowledge-sharing platform for social capital building.

##### **C. Strategy:**

Support the development of an online knowledge-sharing platform which facilitates effective dialogue among MSMEs.

##### **D. Activities:**

Collaborate with MSME umbrella organizations and trade associations to foster greater social capital among MSMEs through programmes aimed at:

- i. Strengthening social cohesiveness, unity, cooperation, trust and solidarity;
- ii. Improving knowledge sharing and information symmetry;

- iii. Building and strengthening existing business networks;
- iv. Improving experience sharing and best practices;
- v. Developing Jamaican employees and leaders with a global focus and understanding of Jamaica's role in the world;
- vi. Building strong, confident, socially-conscious and responsible citizens who can service as champions to sensitize MSMEs regarding their responsibility under the Consumer Protection Act;
- vii. Encouraging MSME umbrella organizations to adopt a unified approach when engaging the Government.

## 5.2 Policy Element: Creating Social Value

### A. Policy Issue:

Jamaica faces several social and environmental issues that are inimical its development. The issues range from: crime, poverty and unemployment, environmental degradation among others, which are usually addressed by government or by NGOs, popularly known as the “**Third Sector**”, by using philanthropic resources. Social enterprises (SEs) have emerged as a key model, geared towards fostering social inclusion and cohesion at the community, regional and national levels.

**A SE is a business whose mission is to solve social, economic or environmental problems at the community and/or national level through effective and ethical business practices with the reinvestment of profits to the social mission.** SEs have the dual responsibility of creating social value and ensuring financial viability.

While the majority of SEs in Jamaica are a part of the MSME sector, not many MSMEs actually operate as a SE. Social enterprises face many of the same constraints facing the traditional MSME sector.

In the United Kingdom for example, SEs are more effective at job creation than mainstream SMEs. In 2017, 44% of SEs created new jobs, with only 22% of mainstream SMEs involved in job creation (Social Enterprise UK, 2015). Further, 47% of SEs in the UK grew their turnover in the last 12 months, as compared to 34% among traditional SMEs.

Research conducted by Knife (2013; 2015 and 2016) highlighted the significant positive impact SEs are making on community and national development. It argues that SEs contribute significantly to the aggregate demand, and thereby overall economic growth.

Several countries taken steps to legislate social enterprises into their economies. For example:

- Australia has formally defined and mapped the social enterprise sector in 2010;
- A Social Enterprise Code of Practice was developed in Scotland 2012 by a Policy Steering Group to develop best practices for SEs;
- In South Korea, the government in creating an enabling SE environment, promulgated the Social Enterprise Promotion Act in 2007;
- Singapore has established venture philanthropy organizations to invest in viable SEs with significant social impact.

### ***Proposed Criteria for Social Enterprises in Jamaica***

The key drivers of the Social Enterprises sector in Jamaica, in consultation with key stakeholders have developed standard criteria for the operation of the sector. These are as follows:

1. Enterprise should have a clear social or environmental mission which is stated in its governing documents.
2. Regardless of its legal form, the governing documents will always require that upon dissolution, the assets of the social enterprise are reinvested into another organization with similar aims and objectives.
3. Enterprise should earn more than half of its revenue from trading goods or services or on registration, demonstrate a clear business model for achieving at least 50% of its revenue from trading within a three year timeline.
4. Enterprise should reinvest at least 50% of its profits or surpluses into its social mission.
5. Social enterprises should be constituted and managed in an accountable and transparent way-particularly with regard to the community they serve

It is envisioned that these criteria will serve as a platform for standardizing the operation of the sector and function in a matter that attract and guide new entrants. These criteria will also act as the building block for developing the code of ethics for the sector as well as form the basis for a social enterprise legal structure.

#### **B. Objectives:**

Develop national policy framework to incorporate the creation of social value and the development of the social economy;

#### **C. Strategies:**

Design the MSME and Entrepreneurship Policy to incorporate elements for the creation of an enabling environment for the continued development of the Social Economy in Jamaica.

**D. Activities:**

- i. Raise awareness and sensitization of SEs as part of the business ecosystem;
- ii. Promote support for social entrepreneurship among institutions offering business development support services;
- iii. Promote creativity and innovation in entrepreneurship as a strategy to address social issues;
- iv. Promote cross-fertilization and social capital building between MSME and SE sub sector;
- v. Mobilize national data on the value being created by SEs, build a central data base and conduct tracer studies on entities in the sector;
- vi. Develop analytical tool to measure social value creation;
- vii. Support organizations advocating for the development of the SE sector;
- viii. Develop a code of ethics for the SE sector;
- ix. Research and propose viable legal structures for SE operation in Jamaica;
- x. Support capacity building efforts that promote the growth of the SE sector;
- xi. Support the inclusion of the SEs Sector under the GOJ governance framework.

## CHAPTER 10

### GOAL 6: EMBEDDED CROSS-CUTTING ISSUES

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#### 6.1 Policy Element: Gender Sensitivities in Business

##### A. Policy Issue:

The 2010 Global Entrepreneurship Report (GEM): refers as follows:

*“Entrepreneurship in a society should contain a variety of business phases and types, led by different types of entrepreneurs, including women and underrepresented age groups.”*

Jamaica must be cognizant of the differences that exist between male and female entrepreneurs. Each gender responds to, and is affected differently by the same policies. To extend equal rights to all MSMEs, it will be important to ensure equality in levels of remuneration, employment, conditions of labour and civic involvement.

Several studies have shown that gender has a major impact on the organization of a business related to human capital, investments, social networks and goals. These factors further impact business structure and success.

The 2008, 2010 and 2012 GEM reports indicated that the growth of MSMEs are directly related to the level of education attained by the entrepreneur/business owner. The research consistently emphasize that the majority of MSMEs in Jamaica are operated by persons with secondary education, which constrains their growth and development.

Currently, the majority of tertiary trained students in Jamaica are females, creating a robust environment that is intended to support the development of high growth MSMEs. However, Williams and Knife (2014) women lack the social capital to access financial capital, and are more cautious about business venture expansion. This suggests that there may be a need for incubator to build capacity among women to access financial support for business expansion.

The GEM 2016/17 Report further supports Williams and Knife (2014) by stating, *“Women often resort to obtaining loans through personal and family connections rather than attempting to approach a commercial bank. They also often lack knowledge of how to develop and present a robust business plan. They tend to have lower confidence in their own abilities, coupled with higher fear of failure rates, which may well contribute to the problem.”*

Importantly Nicholson and Williams (2015) also noted that women who own a venture would consider it to be a ‘family business’ while the male proprietor considers himself a ‘sole trader’. This suggests that women-owned enterprises should have a greater and direct multiplier effect on the family and the community, and by extension national development as they become more successful.

## **B. Objective:**

To ensure that the MSME and Entrepreneurship Policy allows for equal access to resources for women and men to support their business growth and development.

## **C. Strategy:**

To design a MSME and Entrepreneurship Policy that allows for equality and equity of opportunities between women-owned and men-owned businesses.

## **D. Activities:**

- i. Identify factors that constrains the participation of women in business by forging partnerships with Women Business Associations and develop appropriate strategies to address the constraints;
- ii. Build capacity of organizations to develop and deliver programmes that incorporate the unique challenges of female and male entrepreneurs;
- iii. Support the mission of NGOs and SEs that are established to address the needs of marginalized gender;
- iv. Facilitate training by allocation 50% of training budget to women entrepreneurs;
- v. Develop business incubators, to facilitate ICT innovation, and the use of indigenous material, with at least t30% women-owned business occupation;
- vi. Partner with Women Owned Business Limited in the development of business-related policies/strategies for women

## **6.2 Policy Element: Persons with Disabilities**

### **A. Policy Issue:**

Jamaica was one of the first signatories to the UN convention, which advances the need to support persons with disabilities to lead full and independent lives. Despite some advances, the community continues to be disenfranchised and face severe discrimination in establishing enterprises and securing employment (Harvey 2012). Indications are that although persons with disabilities are still employable and are being employed, there remains a high level of unemployment within the group.

As of December 2011, the Jamaica Council for Persons with Disabilities (JCPD), had registered some 12,045 disabled Jamaicans<sup>45</sup> but believed that the number of physically challenged persons living on the island is closer to 400,000. For many persons with

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<sup>45</sup> See ESSJ 2011



disabilities or debilitating conditions, self-employment offers the best hope for living and achieving self-sufficiency.

**B. Objective:**

To establish a national Policy framework that allows for full inclusion, opportunities and support for persons with disabilities within the business community.

**C. Strategy:**

To facilitate and guide the establishment of a national policy framework that allows for full inclusion, opportunities and support for persons with disabilities within the business community

**D. Activities:**

- i. Enforce regulation that allows for all public and private facilities are disability friendly in their construction, while providing incentives/rewards for compliance to support reconstruction/retrofitting of such facilities;
- ii. Build the capacity of organizations to design and deliver programmes that consider the needs of physically challenged entrepreneurs;
- iii. Support the mission of NGOs and business such as Social Enterprises that are set up to address the needs of the physically challenged;
- iv. Establish programmes or a web portal dedicated to the promotion, networking and education of physically challenged entrepreneurs;
- v. Provide increased funding for the small-scale entrepreneurship venture under the Rehabilitation Grant;
- vi. Partner with the Jamaica Council for Persons with Disabilities and other special training programmes that opportunities of business operators with disabilities;
- vii. Encourage MDAs outside of MICAF and NGOs and other groups to provide training, financing and other business development support to persons with disabilities;
- viii. Design MSME and Entrepreneurship Policy and all relevant documents used for business development are converted to Braille and other formats for ease of access for persons with disabilities

### 6.3 Policy Element: Youth<sup>46</sup> in Business

#### A. Policy Issue:

In 2016 the youth population of Jamaica (persons 15 to 24 years of age) was approximately 18.0 percent of the population and totaled 518,453. In 2017, 370,100 youths were classified as outside the labour force, that is, not in school, unemployed and not seeking employment.

While a significant number of the nation's youth are disconnected from education and appropriate employment, it is believed that given the right support and interventions, the potential creativity of this group can be harnessed to establish enterprises that will contribute to national development.

According to GEM 2016/17:

*“Practical and interactive business and entrepreneurship training programmes at secondary school are an important factor in encouraging effective youth entrepreneurship. Education on entrepreneurship at school level should equip learners with key business skills. Schools also need to actively promote entrepreneurship as a career path – inviting successful young entrepreneurs to participate in the educational programme is a way to introduce young people to positive entrepreneurial role models.”*

Engaging youth in organized activities directed towards the creation of an entrepreneurial culture can serve to harness their enthusiasm and innovative ideas to increase personal development, social stability as well as economic growth.

#### B. Objective:

To design a MSME and Entrepreneurship policy structure, which supports youth entrepreneurship as a strategy for youth empowerment and employment

#### C. Strategy:

To design a MSME and Entrepreneurship policy structure that supports youth entrepreneurship as a strategy for youth empowerment and employment.

#### D. Activities:

- i. Implement the Youth Entrepreneurship Strategy to create an enabling framework for the development of successful and sustainable youth-led businesses;
- ii. Establish a resource and support network with funding and programmes that supports youth enterprise development;

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<sup>46</sup> This policy adopts the definition for 'youth' used in the National Youth Policy; a youth is 'someone between the ages 15 –24 who has passed through the dependent stage of childhood, in the semi-independence of adolescence or who will soon acquire the maturity of adulthood'. See: <http://www.myc.gov.jm/documents/1436213827National-Youth-Policy-2015-2030.pdf>

- iii. Support the mission of NGOs and business such as SEs that are established to address the needs of marginalized youth;
- iv. Partner with institutions such as the HEART/NTA to attract and engage youth in basic literacy and numeracy skills development to assist entrepreneurial development;
- v. Expand the reach of the JBDC to provide mentorship programmes for the youth;
- vi. Create community clusters for youth-led enterprises;
- vii. Strengthen NGOs such as the People’s Action for Community Transaction<sup>47</sup> (PACT) to help encourage interest in entrepreneurship

#### **6.4 Policy Element: Climate Change & Environmental Degradation**

##### **A. Policy Issue:**

The business practices of some MSMEs pose serious threats to the environment. Business operations must consider fundamental issues such as pollution, ozone depletion, flooding (as a result of dumping in gullies, drains, et al.) and climate change.

##### **B. Objective:**

To increase the number of MSMEs that are utilizing environmental best practices in their operations.

##### **C. Strategy:**

Support efforts and collaborations with relevant state and non-state institutions to promote environmental stewardship and protection in MSME operations.

##### **D. Activities:**

- i. Sensitize MSMEs on the need for environmental protection as a means to maximizing overall profitability of business;
- ii. Lobby for revenue generated from the Environmental Levy fund recycling activities and other projects serve to protect the environment and mitigate climate change;
- iii. Promote compliance among MSMEs to National Environmental Policies and Legislation;

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<sup>47</sup> The PACT is a coalition of community-based and non-government organizations that work at the community level to implement programmes in the voluntary sector. Read more: <http://www.jamaica-kidz.com/pact/>

- iv. Provide incentives for adaptation of green innovation and solutions in business development;
- v. Recognize, through national awards, MSMEs that undertake ‘green initiatives’ which contribute to sustainable development

## **6.5 Policy Element: Continuous and Comprehensive Empirical Data on MSMEs**

### **A. Policy Issue:**

There is an urgent need to generate comprehensive and current data on MSMEs to adequately inform policy direction, and programme development.

### **B. Objective:**

To establish a data mining system for the MSME sector

### **C. Strategy:**

Create an environment where stakeholders can generate, collate and analyze data relevant to the growth and development of the MSME sector.

### **D. Activities:**

- i. Establish an interagency working group, headed by the Statistical Division of MICAF and supported by the MSME Office to focus on the development of key statistical indices for the MSME sector;
- ii. Support the efforts of STATIN to complete a comprehensive enterprise survey during 2017/18. This survey will provide critical benchmark data on commercial activities across Jamaica that can be regularly updated;
- iii. Develop cooperation protocols with TAJ and JCA to provide regular data on registered taxpayers, disaggregated by size, turnover, exports and other indices;
- iv. Explore methods of data collection through the Ministry of Local Government, Parish Councils and SDCs;
- v. Promote the reporting of data among financial institutions consistent with the current definition of MSMEs;
- vi. Establish a central mechanism to capture all MSME financing (loan and grant) data provided by GOJ entities consistent with the current definition for MSME;
- vii. Sensitize MSMEs about the importance of mobilizing data for policy formulation and decision- making;
- viii. Promote the use of Geographic Information Systems to assist in mapping locations of businesses and other relevant information on the MSME sector.

## **6.6 Policy Element: Public Education**

### **A. Policy Issue:**

Entrepreneurship education is one of the fastest growing areas in education globally at all levels. Within the Caribbean, CXC has recently offered CAPE in Entrepreneurship, which has the highest recorded uptake of candidates. It is important to note that Jamaica has the highest uptake of the CAPE programme and was the first to establish Entrepreneurship degree programmes in tertiary institutions.

Jamaica has the largest body of current research on entrepreneurship and social entrepreneurship in the Caribbean, and as such, is developing models and methodologies that can be adopted by other Caribbean territories. There is an entrepreneurship education revolution taking place and Jamaica. The implications are entrepreneurial-minded graduates who desire to establish their own businesses can apply their creativity and innovativeness to business development.

### **B. Objective:**

To establish an effective centralized platform that offers informational support to MSMEs.

### **C. Strategy:**

To create and establish a central repository of information through which MSMEs can access informational support efficiently.

### **D. Activities:**

- i. Promote the use of ICT to support public education on entrepreneurship;
- ii. Work with secondary and tertiary institutions to producing the next generation of entrepreneurs;
- iii. Partner with the private sector and academia to develop and implement a public education programme on services and initiatives available to support the growth and development of MSMEs;
- iv. Partner with the Jamaica Exporters' Association (JEA) and the Jamaica Chamber of Commerce (JCC) to increase the number of Information Centres;
- v. Partner with SDC, Faith-Based Organizations (FBOs) and CBOs to promote service offerings available through business development service providers;
- vi. Partner with the JIS and other media houses to promote services available to MSMEs by Business Development Service Providers;
- vii. Partner with the private sector to provide customer service training for MSMEs.

## CHAPTER 11

### FINANCING OF THE POLICY

The total cost for implementation of priority activities within the MSME and Entrepreneurial Policy and Implementation Plan is estimated at J\$1.6 billion, over a five year period. This excludes revolving financing schemes and focuses squarely on policy development, facilitation and coordination and implementation.

It should be noted that a significant portion of the activities to be implemented are on-going, as they are aligned to the Ministry's Strategic, Business and Operational Plans, the National Development Plan Vision 2030 Jamaica, and the Medium Term Policy Framework 2018-2012.

The MSME Policy and Plan will be financed by Government of Jamaica resources, and other support mechanisms where appropriate.

**Table 11-1** below provides a summary of the overall projected funding for the MSME Implementation Plan.

**Table 11-1: Overall Projected Funding for the MSME Implementation Plan**

OBJECTIVES	J\$
<b>Pillar 1:</b> Enabling Environment	250,000,000
<b>Pillar 2:</b> Finance to the Sector	300,000,000
<b>Pillar 3:</b> Business and Development Support	337,000,000
<b>Pillar 4:</b> Culture of Entrepreneurship	175,000,000
<b>Pillar 5:</b> Social Value Creation	222,000,000
<b>Pillar 6:</b> Cross-cutting Issues	100,000,000
Monitoring and Evaluation	75,000,000
<b>Contingency 10%</b>	145,900,00
<b>TOTAL</b>	<b>1,604,900,000</b>

MICAF will identify other possible sources of funding for activities in the Implementation Plan as appropriate.

## CHAPTER 12

# IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK

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Given the importance of the MSME sector as a key driver of economic growth, and in order to remain relevant in changing times, MICAFA considers it timely to develop an Implementation Plan, which is intended to provide the road map for achieving the objectives of the policy, along with a structured Monitoring and Evaluation System.

The driving force behind the policy review is the further alignment and strengthening of efforts across Government to strengthen the capacity of the MSME sector to play its role in economic growth and job creation. This has been undertaken through partnerships between the public and private sectors. The plan details the six (6) key imperatives for the MSME & Entrepreneurship development, aligning the key performance indicators (KPIs) with the key activities, and setting realistic timetables for the implementation of the various activities, and agreeing on the responsible stakeholder who would take leadership in facilitating the implementation of the activity.

The Ministry of Industry, Commerce, Agriculture and Fisheries has responsibility for small business development and therefore will coordinate implementation of the Policy. The MSME Division in the Ministry will be directly responsible for initiating and coordinating the establishment of the various working groups to undertake the various activities in the Plan

### 12.1 Institutional Framework

#### 12.1.1 National MSME Policy Implementation Committee

MICAFA will establish a body responsible for oversight and coordination of the Policy and Implementation Plan, led by the MSME Division. The main functions of the oversight body will include, inter alia:

- Coordinate the activities for implementation of the MSME and Entrepreneurship Policy and Implementation Plan;
- Ensure collaboration among all stakeholders in the implementation of the MSME and Entrepreneurship Policy and Implementation Plan;
- Guide development of legislation and quality standards for the MSME sector;
- Provide advisory services on MSME-related matters;
- Establish relevant sub-committees to support its work;
- Advocate for resources to be committed to the MSME and Entrepreneurship Policy and Implementation Plan;
- Provide half yearly reports on the progress of implementation of the to the MSME and Entrepreneurship Policy and Implementation Plan MSME Unit of the MICAFA;
- Provide input to continuous revision of the MSME and Entrepreneurship Policy and Implementation Plan;
- Develop and implement communication programme for the MSME and Entrepreneurship Policy and Implementation Plan.

The oversight body shall be chaired at a senior level by MICAF with assigned portfolio responsibility for small business development and its membership comprised as follows:

- Two representatives of the Ministry responsible for small business development portfolio and the agriculture portfolio, with one from each portfolio;
- A representative from JBDC;
- A representative from the PIOJ;
- A representative from RADA;
- A representative from JAMPRO
- A representative from DBJ;
- A representative from a PSOJ;
- A representative from STATIN;
- A representative from the National Financial Inclusions Strategy, BOJ;
- A representative from the Ministry of Tourism;
- A representative from the Ministry of Economic Growth and Job Creation;
- A representative of the Small Business Association of Jamaica;
- A representative from the MSME Alliance;
- A representative of the Jamaica Manufacturers Association;
- A representative from the Bankers Association;
- A representative from the Jamaica Chamber of Commerce;
- A representative from the Ministry of Finance;
- A representative from Academia; and
- Two representatives from micro-financing sector

The oversight body may co-opt such other persons as it deems necessary for the efficient and timely execution of its mandate.

The oversight body will meet quarterly in the first two years of its establishment, to ensure the building of the momentum for the implementation of the MSME and Entrepreneurship Policy and Implementation Plan. The Committee can then meet at intervals which it deems necessary to carry out its work. The MSME Division within MICAF shall provide secretariat and logistical support to the work of the oversight body.

## **12.2 Role of Government**

The role of Government in the implementation of this Policy and Plan is the:

- Provision of leadership in policy, planning and programme development;
- Appropriate legislation and regulation of the MSME sector;
- Creation of an enabling environment for private sector involvement in policy development;
- Raising awareness and sensitization on the importance of the MSME sector to the development of the country's economy;
- Provision of technical assistance to partners involved in the development of the MSME sector.



### **12.3 Role of the Private Sector**

The role of private sector in the implementation of this Policy and Plan is as follows:

- Participate and technically contribute to the oversight body with responsibility for policy implementation;
- Forge partnerships between GOJ and the MSME sector to strengthen research and other programmes;
- Participate in capacity building of actors in the MSME sector;
- Participate in the design and implementation of public education and awareness programmes;
- Advocate for issues relating to the MSME sector;

### **12.4 Role of Civil Society**

The participation of civil society is integral to the implementation of the MSME and Entrepreneurship Policy and Implementation Plan. The role of civil society should include:

- Building partnerships with actors in the MSME sector to strengthen research and quality control programmes;
- Participate and technically contribute to the National MSME Policy Implementation Committee;
- Participate in capacity building for actors in the MSME sector;
- Participate in the design and implementation of public education and awareness programmes;
- Advocate for issues relating to the MSME sector;  
Assist in efforts to bolster MSME programmes at the community and national levels.

### **12.6 Monitoring and Evaluation**

The monitoring and evaluation of the Policy and Implementation Plan are important to facilitate effective management and oversight. The MSME Division of MICAF will be responsible for implementing Policy and Plan in collaboration with the MSME Policy Implementation Committee.

## ANNEX I

### MSME & ENTREPRENEURSHIP POLICY 2017: IMPLEMENTATION PLAN

The Implementation Plan and M&E framework outlined below compliments the Entrepreneurship Process and the MSME Strategy Map (Annex I). It details the key imperatives for MSME, the policy element, aims, objectives strategies and activities, performance indicators, timeline, responsible entities& partners and status. The timelines included are delineated as short, medium or long run/term.

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 1: An Enabling Business Environment</b>					
<b>Informality</b> To ensure that there is a more supportive tax and incentive framework for MSMEs by April 1 <sup>st</sup> 2022	1.1 Facilitate the establishing of an enabling structure that facilitates and provides a tangible benefit for MSME formalizing their operations	1.1.1 Conduct baseline research on the sector	Baseline developed	Medium term (with tri-annual review)	MICAF, STATIN, Academia, PIOJ
		1.1.2 Develop a clear and agreed definition of formality across MDAs that will promote greater simplicity, effectiveness and efficiency in business registration & tax compliance procedures	Definition Agreed & Finalized	Short-term	MICAF , MOFPS, COJ, STATIN
		1.1.3 Bolster the existing incubator systems for MSMEs and SEs development throughout the entrepreneurship process.	Comprehensive incubator system developed	Short term and ongoing	MICAF, JBDC & Universities & service providers
		1.1.4 Embark on public education campaign on the benefits of formality.	Public education campaign developed and implemented.	Medium term	MICAF, MOF, TAJ, COJ, JBDC
		1.1.5 Expand the network of existing business services providers to support formalization among MSMEs	Number of networks operationalized	Short term and ongoing	MICAF, COJ, TAJ, MOF & JBDC

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 1: An Enabling Business Environment</b>					
<b>Legal, Regulatory &amp; Administrative Framework</b>  To reduce the processing time for micro business registration by 60% by April 1, 2020	1.2 Build the capacity of service provider to improve efficiency to MSME sector	1.2.1 Establish Monitoring and Evaluation (M&E) Framework for MSMEs	Monitoring and Evaluation Framework established and implemented	Short term	<b>MICAF, JBDC, STATIN, COJ, Research Institutions</b>
		1.2.2 Review and monitor progress in reducing bureaucracy and cost of doing business	Report generated annually	Short term	<b>MICAF, JBDC, STATIN, COJ, Research Institutions</b>
		1.2.3 Engaging in Consultations with MSMEs on strategies for improving the business environment	<ul style="list-style-type: none"> <li>• Number of consultations sessions held</li> <li>• Number of MSMEs attended</li> </ul>	Short term and ongoing	<b>MICAF, PIOJ, DBJ, JBDC, COJ, Research Institutions</b>
	1.3 Promote greater use of technology within MDAs	1.3.1 Complete implementation of the electronic business registration form (EBRF).	Number of hours taken to register business	Short term and ongoing	<b>MICAF, JBDC, STATIN, COJ, Research Institutions</b>
<b>Energy Costs</b>  To increase the number of MSMEs using least cost energy options and practicing energy efficiency and conservation techniques	1.4 Promote, support and implement 'Least Cost Energy Projects' to help MSMEs lower their operational costs	1.4.1 Implement sensitization program on energy efficiency and conservation.	Number of registered MSMEs utilizing energy efficiency and conservation techniques	Long term	<b>MSET, MICAF, JBDC, SBAs, MSME alliance, MSET &amp; OUR JPS</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 1: An Enabling Business Environment</b>					
<b>Government Procurement</b>  To increase MSME participation in government procurement tenders	1.5 Streamline the procurement regulations to facilitate preferential access for MSMEs	1.5.1 Develop public procurement SDT regulations that targets a 20% set-aside for MSEs and 20% margins of preference for MSMEs to increase participation in government procurement	<ul style="list-style-type: none"> <li>Regulations developed and approved</li> <li>Number of new MSMEs</li> </ul>	Short term	MICAF, MoFPS , MDAs
		1.5.2 Implement the linkage between procurement set aside/margin of preference to domestic value added	Percentage of domestic value added for preferential access	Short term	MICAF, MoFPS , MDAs
		1.5.3 Establish procedures that allow for small groups to cluster or make joint bids	Procedures that allow joint bids developed among MSMEs	Long term	MICAF, MoFPS , MDAs
		1.5.4 Implement a regime that ensures that preferential access is given to large bidders where their supply chain contains qualified MSMEs that are adding domestic value	<ul style="list-style-type: none"> <li>Regime implemented</li> <li>Number of large firms accessing the facility</li> </ul>	Long term	MICAF, MoFPS , MDAs
		1.5.5 Design and implement procurement framework aligned with support measures for MSMEs such as (access to finance and business development services)	Procurement framework implemented	Medium term	MICAF, MoFPS , MDAs
		1.5.6 Develop and implement campaign to appeal to procuring entities to streamline procurement activities in compliance with regulations	Number of procurement entities implementing the regulation	Long term	MICAF, MoFPS , MDAs
		1.5.7 Lobby for the advertising of all contracts designated for MSMEs on a single platform accessible to all registered MSMEs	Single platform operationalised	Medium term	MICAF, MoFPS , MDAs

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 1: An Enabling Business Environment</b>					
	1.6 Utilize web-enabled technology to advertise, evaluate and track MSME participation in the Government procurement process	1.6.1 Establish a database to capture MSME participation in the regulation	<ul style="list-style-type: none"> <li>Database developed and operationalized</li> <li>Updated bi-annually</li> </ul>	Medium term	<b>MICAF, MoFPS , MDAs</b>
		1.6.2 Promote the registration of MSMEs contactors under the Web-Enabled National Procurement Registry	Number of MSMEs registered	Medium term	<b>MICAF, MoFPS , MDAs</b>
		1.6.3 Develop and implement a sensitization and awareness programme to inform MSMEs and procurement officers on utilizing the regulations	<ul style="list-style-type: none"> <li>Sensitization programme implemented</li> <li>Number of persons sensitized</li> </ul>	Medium term	<b>MICAF, MoFPS, MDAs</b>
		1.6.4 Develop and implement a pilot project to facilitate the implementation of the SDT Regime.	<ul style="list-style-type: none"> <li>Project proposal developed and approved</li> <li>Implementation Plan developed</li> </ul>	Medium term	<b>SMICAF, MoFPS, MDAs</b>
		1.6.5 Establish a mechanism to monitor and evaluate the performance of the implementation of the off-set regulations and the MSME sector	Monitoring report submitted annually	Short term and ongoing	<b>MICAF, MoFPS, MDAs</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 1: An Enabling Business Environment</b>					
<b>Internationalisation of MSMEs</b>  To increase MSMEs export of goods & services by 4% per annum starting 2020 (subject to the implementation of the MSMEs fund)	1.7 Promote local diaspora regional and foreign investment in the MSME sector	1.7.1 Establish a Diaspora Direct Investment and Marketing Strategy to support sector development.	DDI and Marketing Strategy implemented	Short to Medium Term	<b>JAMPRO, MICAFA, Diaspora groups and MFAFT</b>
	1.8 Strengthen bi-lateral, regional and international economic trade relations to enhance MSMEs market access	1.8.1 Forge greater partnerships and collaboration with ECLAC and CELAC countries with the Korean government to internationalize MSMEs	Partnership arrangement established	Short Term	<b>MFAFT &amp; MICAFA</b>
		1.8.2 Utilize Jamaica's National Trade Policy to provide an enabling framework for MSME internationalization.	Value of MSME export	Medium term	<b>MFAFT, MICAFA, TBL, MOT, JBDC &amp; JAMPRO</b>
		1.8.3 Inclusion of local MSME interest in regional and multilateral arrangements	MSME interest incorporated	Medium term	<b>MICAFA, MOT, MFAFT</b>
		1.8.4 Provide support to high value producing MSMEs & strengthen the international competitiveness of MSMEs	Tier of MSME participation in global value chain	Short to Medium term	<b>MICAFA, JBDC, SRC, BSI, JAMPRO</b>
	1.9 Foster the integration of MSME participation in regional and global value chain	1.9.1 Provide technical support to increase MSME participation in the regional and global value & supply chain	Technical support provided	Medium term	<b>JBDC, MSME groups, MICAFA, JAMPRO</b>
		1.9.2 Promote Jamaica as a key player in the global value and supply chain network	Value of MSME value added production	Long term	<b>MICAFA, JBDC, JAMPRO, SEZ Authority</b>
	1.10 Promote linkages with targeted sectors	1.10.1 Align the MSME definitions in the SEZ Act, 2016 with the updated MSME & Entrepreneurship Policy	MSME Definitions aligned	Short term	<b>MICAFA, MEGAJC, SEZ Authority</b>
		1.10.2 establish a framework for MSME participation in regional and international production networks including the SEZ regime	Value of MSME linkages	Medium term	<b>MICAFA, MoFPS &amp; JAMPRO, SEZ Authority</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 2: Affordable and Appropriate Financing</b>					
<b>Provision of Credit</b>  To increase the supply of credit to the MSME sector through innovative measures	2.1 To promote and/or facilitate the establishment of systems that encourages suppliers of credit to target MSMEs	2.1.1 Explore the efficacy and feasibility of using unclaimed funds within the financial sector to provide affordable financing to support MSMEs	<ul style="list-style-type: none"> <li>• Proposal developed and approved</li> <li>• Number of MSMEs accessing funds</li> </ul>	Short term  Medium term	<b>MICAF</b> , MoFPS, DBJ, EXIM Bank, BOJ, financial institutions, Bankers association, JBDC
		2.1.2 Develop financing products at concessionary rates to productive MSMEs taking into consideration gender and youth	Number of productive MSMEs	Medium term	<b>DBJ</b> , <b>MICAF</b> , MoFPS, financial institutions
		2.1.3 Introduction of a risk base model to unlock supply of crediting to MSMEs.	Risk base model developed and implemented	Short term	<b>DBJ</b> , Financial Institutions, JBDC, MOF, credit bureaus
		2.1.4 Identify sustainable sources of funds to expand the pool of funds for on-lending to the MSMEs	Number of funding sources for MSMEs	Medium term	<b>MICAF</b> , MoFPS, JBDC, <b>DBJ</b>
<b>Equity Financing</b>  To increase the number of MSMEs utilizing equity financing	2.2 To increase the range and array of equity financing options available to MSMEs in Jamaica that is inviting to MSMEs to explore equity financing as an option for capitalizing and expanding their businesses	2.2.1 Promote the Jamaica Stock Market Junior Market as a viable financing option SMEs and provide capacity building for potential membership	Number of MSMEs utilizing the platform	Medium term	<b>JSE</b> , DBJ, <b>MICAF</b> & MoFPS
		2.2.2 Implement public education and sensitization of MSMEs on the merits of equity financing using appropriate/ targeted channels	Number of MSMEs sensitized	Medium term	DBJ, <b>MICAF</b> , MoFPS, <b>JSE</b> , JBDC
		2.2.3 Collaborate with private sector and the diaspora to develop venture capital/angel financing system for MSMEs	Number of MSMEs beneficiaries	Medium term	MICAF, DBJ and Business Community
		2.2.4 Promote the use of crowd funding to support MSME development	Number of Promotional activities	Short to medium term	MICAF, <b>DBJ</b> , MoFPS, BOJ & partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 2: Affordable and Appropriate Financing</b>					
<b>Non-Traditional Collateral to Access Credit</b>  To raise MSME financing under the new Secured Transaction Regime	2.3 To support bank and non-banks in designing and offering of loan products under the Secured Transaction Regime targeting MSMEs	2.3.1 Implement Improved Security Interest in Personal Property Act	Implementation plan developed and operationalized	Short term	<b>MICAF</b> , DBJ, COJ, JIPO, BOJ, financial institutions, NFIS
		2.3.2 Conduct regular monitoring and evaluation of the Secured Transactions Regime (STR) to make adjustments as required to meet policy objectives	Annual M&E report completed based on the M&E data	Short term	<b>MICAF</b> , JBDC, COJ, Research Institution
		2.3.3 Devise a sustainable and targeted promotional programme for the STR to educate attorneys, bankers and accountants and to increase awareness in the MSME community	Number of participants	Medium term	<b>MICAF</b> , DBJ, BOJ, COJ, relevant MDAs, ICAJ, Bar of association
		2.3.4 Conduct a feasibility assessment of an electronic factoring platform	Findings from the feasibility analysis	Medium term	<b>DBJ</b> , MICAF, relevant MDAs
		2.3.5 Review the legal, regulatory, and tax framework for assignment of receivables (for receivable financing)	Reviewed legal, regulatory and tax framework completed	Medium term	<b>DBJ</b> , BOJ, MICAF & MOF
		2.3.6 Expand Credit Guarantee Schemes for export oriented, import substitution, innovating firms and the creative industries	Number of MSMEs benefiting from scheme	Medium term	<b>DBJ</b> , MICAF & MOF, EXIM
		2.3.7 Build awareness and increase the provision of financing for the business clusters using the group guarantee	Number of clusters benefiting from the programme	Medium term	<b>DBJ</b> , MICAF, JBDC & MOF, NPCB





Objective	Strategy	Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 2: Affordable and Appropriate Financing</b>					
<b>Capacity Development</b>  To establish systems that result in an increase in access to credit by MSMEs	2.4 To support the establishing of processes that bolsters MSMEs capacity to access and absorb credit.	2.4.1 Provide capacity programs for MSMEs to improve accountability and record keeping	Number of firms that file annual tax returns	Short to Medium term	<b>MICAF, JBDC</b> , training partners, <b>DBJ, TAJ</b>
		2.4.2 Implement standards for the efficient and effective delivery of credit to MSMEs	Turnaround time	Short to medium term	<b>MICAF, JBDC, BOJ</b> , financial institutions, <b>SBAJ</b> , Bankers Association
		2.4.3 Implement special loan programmes & financing windows targeting qualified Women owned businesses, youth-owned businesses and persons with disabilities operating businesses	Number of receiving loans	Short to medium term	<b>MICAF, JBDC, DBJ, MCGES</b> , financial Institutions
		2.4.4 Information dissemination activities for women, youth and disabled persons on available financing opportunities	Number of trainings or educational sessions held	Short to medium term	<b>BGA/MCGES, MoEYI</b> , council for persons with disabilities
		2.4.5 Promote the role of Credit Bureau System to access credit worthiness of MSMEs and/advocate for greater participation by financial in the credit bureau system	Number of MSMEs accessing credit based on Credit Bureau assessment	Medium term	<b>MICAF, BOJ</b> , Credit Bureaus
		2.4.6 Implement loan default insurance for productive enterprises (tied to the business)	Number of financing institutions offering loan default insurance for business purposes	Medium term	<b>MICAF, BOJ, DBJ, FSC</b> , Financial institutions, <b>EXIM</b> , Bankers Association
		2.4.7 Promulgate the Microcredit Act as the primary regulation for MFIs (licensing and registration)	Number of licensed MFIs in the market	Medium term	<b>MOF, BOJ, MICAF &amp; Financial Institutions</b>

Objective	Strategy	Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 2: Affordable and Appropriate Financing</b>					
		2.4.8 Promote more business development support in the area of finance to improve MSMEs capacity to manage financial resources and prepare proposals for accessing funding.	Number of MSMEs provided finance related business development support	Medium term	<b>MICAF, DBJ JBDC</b>
		2.4.9 Improve the institutional and regulatory frameworks to facilitate the provision of more innovative financial products to the MSME sector	<ul style="list-style-type: none"> <li>• Number of innovative financial products introduced</li> <li>• Number of MSMEs benefitting from new products</li> </ul>	Medium term	<b>MICAF, MoFPS, JBDC, DBJ &amp; financial institutions</b>
		2.4.10 Increase awareness of grant funding opportunities to support the growth and development of MSMEs	Number of promotional activities launched	Short to medium term	<b>MICAF, JBDC, DBJ, Funding Agency</b>
		2.4.11 Increase awareness of traditional and alternative financial services available to MSMEs	Number of promotional activities launched	Short to medium term	<b>DBJ, MICAF, JBDC, Funding Agencies</b>
		2.4.12 Develop new distribution channels for on lending of funds to MSMEs.	Number of new channels for on-lending introduced	Medium term	<b>DBJ, MICAF, MOF, EXIM and Financial Institutions</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
<b>Comprehensive Training and Development Framework</b>  To increase the number of MSMEs accessing training and development	3.1 To support the establishing of a network of accessible service providers that offer capacity building for MSME sector	3.1.1 Pursue a network model for business development support services delivery in line with the SBDC model	Membership in the network – training programmes and manuals	Short to medium term	<b>MICAF, JBDC, CariBEN, EXIM Bank &amp; other service providers</b>
		3.1.2 Establish a MSME Business News Web Portal to provide ongoing information and access to web based training tools	News web portal established	Short to medium term	<b>MICAF and JBDC, other service providers</b>
		3.1.3 Sensitize MSMEs on the need to protect intangible assets such as copyrights, trademarks, patents	Number of persons/clubs protecting their intangible assets	Short to medium term	<b>MICAF, JBDC, JIPO</b>
		3.1.4 Utilize Geo-Informatics Systems to map and create the necessary resource centers/clusters available for the MSMEs	Findings are recommendations from mapping exercise	Medium term	<b>MICAF &amp; JBDC</b>
		3.1.5 Design a programme for students to become both entrepreneurs and intrapreneurs	Proposed system and strategy finalized	Short to medium term	Tertiary Institutions
		3.1.6 Create a culture of entrepreneurs among students	Number Teachers being taught and certified in Management and Entrepreneurship education	Short to Medium term	<b>MICAF, MoEYL, Universities &amp; Colleges</b>
		3.1.7 Provide more direct support to local not for profit organizations e.g. SBAJ & the MSME Alliance	Number of Programmes supported by MICAF	Short to medium term	<b>MICAF &amp; JBDC</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
<b>Technical Skill Levels of MSMEs</b> To bolster the technical skill levels of the MSME sector by 20% by FY2018/19 resulting in increasing total factor productivity within the sector. Suggestion is to rewrite or place under training & development	3.2 To support the establishing of a network of accessible service providers that offer technical capacity building for MSME sector	3.2.1 Incorporate best practices for entrepreneurship development	Number of MSMEs with Business Portfolios – structure of the incubator systems	Short term	MICAF, JBDC, Incubation providers
		3.2.2 Facilitate the compilation of an online directory of available technical training assistance resources	<ul style="list-style-type: none"> <li>• Directory established</li> <li>• Number of clients using platform</li> </ul>	Short to medium term	MICAF, JBDC & HEART Trust NTA
		3.2.3 Accelerate the wider incorporation of technical/vocational training throughout the educational system	Number of institutions offering technical/vocational training	Short to medium term	MICAF, MoEYI, CariBEN, HEART Trust NTA & Academic Institutions
		3.2.4 Support incubators and accelerators in providing capacity building support to prepare them for attracting funding support	Number of incubators offering service to entrepreneurs	Short to Medium term	MICAF, DBJ, CariBEN, Startup Jamaica & JBDC, TIC
		3.2.5 Collaborate with existing programmes that support entrepreneurship	Number of joint programmes implemented	Short term	MICAF, CariBEN, MLGCD, JBDC & other stakeholders
		3.2.6 Promote the enhancement of the Career Advancement Programme (CAP) to facilitate application of technical learning	Technical training programmes facilitated under CAP	Short and medium term	MICAF, JBDC, MLGCD, HEART Trust NTA & CAP

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
		3.2.7 Promote awareness of the importance of technical skills in the development and growth of MSMEs through libraries, youth clubs, the 4H Clubs and other outreach programmes	Number of youth entrepreneurs involved in technical skills programme	Short to medium term	MICAFA, JBDC, SDC, 4H clubs, MoEYI and partnering groups
		3.2.8 Encourage entrepreneurs to apply appropriate technology	Number of MSMEs participating in workshops; implement tools in technology decisions	Medium term	MICAFA, DBJ JBDC & training institutions

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
<b>Structured Network of Resource Persons</b>  To establish a structured network of resource persons that can provide mentorship to MSMEs, by 2022	3.3 To guide the development and implementation of plan for a structured mentorship programme in the sector, comprising of local, regional, diaspora and international personnel	3.3.1 Establish a monitoring at all levels of education (primary – tertiary)	Number of mentorship programmes implemented	Short to medium term	<b>MICAF, MoEYI , &amp; CXC</b>
		3.3.2 Establish networks with Diaspora Alumni Associations to support transnational mentorship programme.	Number of active participants in the network	Short to medium term	<b>MICAF, MFAFT, JBDC, DBJ &amp; Diaspora Groups</b>
		3.3.3 Expand existing internship programme with private sector	Number of participants in the internship Programme	Short to medium term	<b>MICAF, JBDC, HEART and the relevant Partners</b>
		3.3.4 Encourage entrepreneurs, senior executives and business professionals with proven track records in particular fields to volunteer as mentors	Number of volunteers in the programme	Short to medium term	<b>MICAF, JBDC, JMA, JAMPRO and the relevant Partners</b>
		3.3.5 Recognize business mentors for their contributions through annual awards ceremonies	Number of mentors awarded	Short to medium term	<b>MICAF, JBDC, DBJ &amp; Partners</b>
		3.3.6 Facilitate networking opportunities for MSMEs	Resources provided; events organized	Short term	<b>MICAF, JBDC and the relevant partners</b>
		3.3.7 Organize educational activities to enhance the mentorship experience through seminars, workshops, visits, etc.	Number of workshops and seminars conducted	Short to medium term	<b>MICAF, JBDC and the relevant partners</b>
		3.3.8 Facilitate and promote online business counseling	Number of beneficiaries from online platform	Short to medium term	<b>MICAF, JBDC and the relevant partners</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
<b>Demand for Traditional Goods and Services Produced by MSMEs</b>  To increase the market share for goods and services produced by MSMEs by 10% annually <sup>3</sup>	3.4 Facilitate the establishment of a system that guides MSME concept and product development specific to the targeted markets	3.4.1 Develop and promote a direct marketing strategy targeting the Diaspora Market	Marketing strategy completed	Short to medium term	MICAF, JAMPRO, JBDC, MFAFT
		3.4.2 Strengthen JBDCs outlets and Productivity Centres so as to expand their services to increased clientele emphasizing brand Jamaica	Number of outlets and beneficiaries	Short to medium term	MICAF & JBDC
		3.4.3 Continue research & disseminate information to local MSMEs about key requirements in international markets	Research findings & Reports	Short to medium term	MICAF, JBDC and research institutions JMA, JEA
		3.4.4 Facilitate the promotion of non-traditional exports such as the creative arts, ethnic food and apparel, through overseas missions and consulates	Increase in exports of non-traditional products	Short to medium term	JBDC, MICAF, JAMPRO
		3.4.5 Continue to provide an outlet for better retailing of products manufactured by MSMEs	Number of MSME utilizing the outlets	Short to medium run	MICAF, JBDC, MFAFT, JAMPRO
		3.4.6 Facilitate the promotion and strengthening of agencies that play a vital role in the areas of standards-setting, package design and marketing	Number of agencies receiving supports	Short to medium term	MICAF, BSI & JBDC
		3.4.7 Help to market and showcase the products and services of MSMEs through digital marketing	Internet platform established and operationalised	Short to medium term	MICAF, JBDC, JAMPRO and STATIN
		3.4.8 Strengthen agencies that play a key role in the identification, facilitation and development of products with a high export potential	Number of agencies receiving support	Short to medium term	MICAF, JMA, JEA, JSIF
		3.4.9 Support business development organizations that promote MSME goods and services among children in schools, so as to develop life-long loyalty to local products	Number of agencies receiving support	Short to medium term	MICAF, JBDC, MoEYL, CariBEN, HEART, JAMPRO
		3.4.10 Promote greater linkages among MSMEs and large businesses, the tourism sector and SEZs (local value chain)	Number of partnerships established	Short to medium term	MICAF, PIOJ, SEZA, JBDC, MOT, JAMPRO, JSIF



Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
<b>Marketing and Communication Skills</b>  To increase the marketing and communication skills among 20% of MSMEs annually	3.5 To support the greater use of technology in the development of programmes that bolster MSMEs capacity to market and communicate more effectively	3.5.1 Promote and facilitate technical training to help build marketing and communication capacity among MSMEs, through the support of both private and public technical Business Development Service (BDS) providers	Number of workshops conducted	Short to medium term	<b>MICAF, JBDC, CariBEN &amp; HEART Trust NTA</b>
		3.5.2 Promote MSME awareness and utilization of BDS providers, which focus on the improvement of marketing skills	Number of MSMEs that are more aware of and utilize the services of BDS providers	Short to medium term	<b>MICAF, JBDC &amp; DBJ</b>
		3.5.3 Promote the use of ICT as an avenue for MSME operators to access information necessary to facilitate “self-paced” empowerment and knowledge	Number of MSMEs using the ICT platform	Short to medium term	<b>MICAF, MSET, JBDC &amp; other partners</b>
		3.5.4 Educate MSMEs on how to use online social networks to promote their products	Number of MSMEs using social network	Short to medium term	<b>MICAF, JBDC, other partners</b>
		3.5.5 Implement structured internship programmes involving tertiary level students in order to increase business development support to MSMEs in the area of marketing and communication	Number of MSMEs utilizing interns	Short to medium term	<b>MICAF, JBDC, MoEYI and Tertiary Institutions</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
<b>Business Clusters/Centres</b>  To increase the number of MSMEs participating in business clusters	3.6 To foster collaboration between the public and private sectors and other stakeholders in developing business clusters and to support programmes that guide how business clusters are developed within the MSME sector	3.6.1 Review and utilize the JBDC approach to clustering incorporating lessons learnt so as to guide future efforts.	Review of approach, findings and recommendations	Short term	<b>MICAF &amp; JBDC</b>
		3.6.2 Collaborate with the private sector, MSME associations and academia to deliver a pointed and persistent education programme to inform MSMEs of the benefits of being part of a cluster	Number of workshops and events conducted	Short to medium term	<b>MICAF &amp; JBDC</b>
		3.6.3 Facilitate the hosting of quarterly idea exchange sessions for specific business clusters across the country. Facilitate presentations that will help to ignite creative thinking especially among business leaders	Number of quarterly events held	Short to medium term	<b>MICAF, JBDC &amp; partners</b>
		3.6.4 Develop a coordinated and structured methodology for accessing funds/resources offered by multinational organizations to support the formation and/or improvement of business clusters	Structure for accessing funds and resources established	Short to medium term	<b>MICAF PIOJ &amp; JBDC</b>
		3.6.5 Allocate underutilized government buildings for business clusters, centres and zones, with special emphasis on communities with high rates of unemployment	Number of buildings being utilized for cluster facilitation under the programme	Medium term	<b>MICAF, FCJ &amp; JBDC</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
<b>Standards, Quality and Safety of Products and Services</b>  To increase the competitiveness and market access of goods and services that meets international standards and certification by 10% annually.	3.7 To facilitate the amplification of processes, which ensure that MSMEs goods and services meet the required standards, certification and accreditation for entry into targeted markets	3.7.1 Identify and address the issues inhibiting MSMEs participation in the standards development process	Issues paper developed	Short term	<b>MICAF, JBDC, SRC and BSJ and Partners</b>
		3.7.2 Develop and implement public education and sensitization program to increase awareness among MSMEs about the benefits of standards and certification	Public education developed  Number of MSMEs	Medium term	<b>MICAF, JBDC, SRC</b>
		3.7.3 Develop and implement initiatives to support MSMEs in the implementation and maintenance of regional and international standards	Number of initiatives implemented	Medium term	<b>MICAF, SRC BSJ and JBDC</b>
		3.7.4 Identify and address technical barriers to trade issues facing MSMEs inhibiting their business	Issue paper developed	Medium term	<b>MICAF, MFAFT &amp; JBDC</b>
		3.7.5 Mobilize and disseminate updated information on standard related market entry requirements to MSMEs	Updated information disseminated	Medium term	<b>MICAF, JBDC, BSJ, SRC</b>
		3.7.6 Promote the certification and accreditation services provided by the National Certification Body (NCBJ) and the Jamaican National Agency for Accreditation (JANAAC)	Number of MSMEs benefitting from services offered by NCBJ and JANAAC	Medium term	<b>MICAF, JBDC, NCBJ and JANAAC</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
		3.7.7 Deliver accreditation-related training to grow and develop MSMEs	Number of MSMEs accredited	Short to medium term	<b>MICAF &amp; JBDC</b>
		3.7.8 Promote ISO 9001-2008 quality management system certification to the MSME sector	Number of MSMEs certified by ISO standards	Short term	<b>MICAF, JBDC, BSJ, SRC</b>
		3.7.9 Establish Quality-Based Competitions in the MSME sector	Number of competitions held	Short term	<b>MICAF, JBDC, SRC and BSJ</b>
		3.7.10 Promote niche marketing strategies for MSMEs particularly in the Diaspora	Number of MSME accessing niche markets for their products and services	Medium term	<b>MICAF, MFAFT, JBDC &amp; JAMPRO</b>
<b>Labour Productivity and Labour Conditions</b>  To improve the total factor productivity of the MSME labour force by 5% annually	3.8 To facilitate the networking of HR service providers and MSMEs so as to ensure continuous improvement in labour productivity and the working environments.	3.8.1 Collaborate with HEART-NTA to provide the labour force information for increasing factor productivity	MOU signed	Medium term	<b>MICAF, HEART-NTA, MLSS and JBDC</b>
		3.8.2 Establish partnership with Jamaica Productivity Centre to expand capacity building programs and increase productivity among MSMEs	<ul style="list-style-type: none"> <li>• Number of capacity building workshops delivered</li> <li>• Number of MSMEs benefitting from training</li> </ul>	Medium term	<b>MICAF, JBDC, MLSS and JPC</b>
		3.8.3 Promote awareness and utilization of Labour and Social Security among MSMEs	Number of MSMEs utilizing	Medium term	<b>MLSS, MICAF, JBDC &amp;</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
<b>Creative Industries</b>  To increase participation of MSMEs in the creative industry by 10% annually	3.9 Collaborate with relevant ministries in implementing the Creative Industry Strategic plan, which centralizes the role that MSMEs play in producing goods and services offered within this industry	3.9.1 Make recommendations towards the revision of the Creative Industry Strategic Plan and facilitate alignment	Recommendations submitted	Short term	<b>MCGES, JAMPRO, MICAF, JBDC, MOT</b>
		3.9.2 Conduct special training for MSMEs operating in the creative industries including Massive Open Online Courses (MOCCs) which are available in business practices, film-making, etc.	Number of workshops/training sessions completed	Short term	<b>MICAF, JBDC, MOT, MCGES &amp; JAMPRO, Universities and Colleges</b>
		3.9.3 Facilitate greater links with the Diaspora to expand the market for authentic creative goods and services	<ul style="list-style-type: none"> <li>• Increase in demand from the Diaspora for goods and services</li> <li>• Value of goods demanded</li> </ul>	Short term	<b>MICAF, JBDC, MOT, MCGES, MFAFT &amp; JAMPRO</b>
		3.9.4 Facilitate the diversification of creative products to increase export potential within the MSME sector	<ul style="list-style-type: none"> <li>• Range of products introduced</li> <li>• Value of goods and services exported</li> </ul>	Medium term	<b>MICAF, JBDC, MCGES, MOT MFAFT &amp; JAMPRO</b>
		3.9.5 Promote non-traditional exports in the creative industries e.g. creative arts, ethnic food, and apparel	Value of non-traditional exports	Medium term	<b>MICAF, JAMPRO and JBDC</b>
		3.9.6 Increase awareness of the global creative economy among MSMEs	Number of MSMEs sensitized	Medium term	<b>MICAF, JBDC, MCGES, MOT MFAFT &amp; JAMPRO</b>
		3.9.7 Utilize trade arrangements to facilitate greater entry into non-traditional markets	Number of entries by MSMEs into non-traditional markets	Medium term	<b>MICAF, JBDC, MCGES, MOT MFAFT &amp; JAMPRO</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: Adequate Business Development Support</b>					
		3.9.8 Develop and implement a public education and sensitization program to increase awareness of the value of Intellectual Property Rights	Public education and sensitization program implemented	Medium term	<b>JIPO, MICAFA, JBDC, MCGES, MOT MFAFT &amp; JAMPRO</b>
		3.9.9 Forge greater linkages between the creative industries and other sectors of the economy such as tourism	Number and value of linkages created for MSMEs	Medium term	<b>MCGES, MOT MICAFA, JBDC, MFAFT &amp; JAMPRO</b>
		3.9.10 Promote networks and clusters specifically targeting players in the creative industries	Number of networks and clusters established	Medium term	<b>JBDC, MCGES, MOT, MFAFT &amp; JAMPRO MICAFA,</b>
		3.9.11 Promote greater application of ICT in the production, distribution and marketing of creative products and services	Number of MSMEs using ICT in production, distribution and marketing	Medium term	<b>MICAFA, MSET, JBDC, MCGES, MOT MFAFT &amp; JAMPRO</b>
		3.9.12 Design more relevant and appropriate financing options for MSMEs operating in creative industries	Number of MSMEs accessing new financing options	Medium term	<b>DBJ, MICAFA, JBDC, MOF, MCGES</b>
		3.9.13 Strengthen institutional support organizations such as Jamaica Intellectual Property Office (JIPO), Jamaica Association of Composers, Authors and Publishers Limited (JACAP), Jamaican Copyright Licensing Agency (JCAP) and Jamaica Music Society (JAMMS)	Number of institutions benefiting from support systems	Medium term	<b>JBDC, MICAFA, JIPO, JACAP, JCAP, JAMMS</b>
		3.9.14 Undertake data gathering exercise on the creative industries	Data generated on the industry	Medium term	<b>MICAFA, JBDC, JIPO, MSET, MCGES, MOT MFAFT &amp; JAMPRO</b>
		3.9.15 Review study on economic contribution of the copyright-based industries in Jamaica	Review conducted	Medium term	<b>MICAFA, JBDC, JIPO, MSET, MCGES, MOT MFAFT &amp; JAMPRO</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: A Culture of Entrepreneurship and Innovation</b>					
<b>Entrepreneurial Skills</b>  To promote the uptake of sound entrepreneurial practices among MSMEs over their life cycle	4.1 To support and design a coordinated approach at the national level to promote capacity building and public education for MSME in sound entrepreneurial practices	4.1.1 Expand the inclusion of entrepreneurship and business management in the curricula at all LEVELS of the education system, including a practical component	<ul style="list-style-type: none"> <li>• Number of amended curriculum being applied</li> <li>• Number of business formed by students</li> </ul>	Short to Medium term	<b>MoEYI, JBDC, Educational Institutions,</b>
		4.1.2 Promote youth entrepreneurship programmes and design events that provides public recognition for excellence	Number of events and awards	Short term	<b>MICAF, MoEYI, JBDC, Jamaica 4 H-Club and Partners</b>
		4.1.3 Promote entrepreneurship nationwide, highlighting possibilities for generating wealth and economic transformation.	Number of promotional events supported by MICAF	Short run	<b>MICAF, JBDC and Partners</b>
		4.1.4 Establish/rehabilitate incubators and accelerators to assist start-ups with technical support needed to attract investors	Number of incubator and accelerator systems supported	Medium term	<b>MICAF, MSET, JBDC, MoEYI, and Partners</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: A Culture of Entrepreneurship and Innovation</b>					
<p><b>Business Sustainability and Fear of Failure</b></p> <p>To ensure that MSMEs have access to specialized support in the event of insolvency</p>	<p>4.2 To engage stakeholders towards the design of a structured programme of support that is accessible to all MSMEs experiencing losses or insolvency to restructure and turnaround their operations</p>	<p>4.2.1 Develop programmes that assist MSMEs in financial distress to reorganize into viable business develop programs</p>	<ul style="list-style-type: none"> <li>• Number of programs developed to assist MSMEs in financial distress</li> <li>• Number of MSMEs accessing targeted programs</li> </ul>	<p>Medium term</p>	<p><b>MICAF, MOF, JBDC, Financial Institutions. OSI/OGT</b></p>
		<p>4.2.2 Develop programs to educate business owners and managers on successful strategies for business turnaround</p>	<ul style="list-style-type: none"> <li>• Number of MSMEs that turnaround their businesses</li> <li>• Number of programs developed</li> </ul>	<p>Medium term</p>	<p><b>MICAF, JBDC, financial Institutions &amp; other partners to include OSI, OGT</b></p>
		<p>4.2.3 Develop specific programmes on business counseling and advisory services for troubled firms</p>	<p>Number of MSMEs that utilize services</p>	<p>Short to medium term</p>	<p><b>JBDC &amp; other partners to include OSI/OGT</b></p>



Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: A Culture of Entrepreneurship and Innovation</b>					
<b>Innovation &amp; Productivity through Science, Technology, Research and Development</b>  Increase the number of MSMEs using science and technology and R&D by 10% annually	4.3 To support a innovation network among MSMEs, state entities and other institutions, which supports knowledge sharing, technology innovation and R&D	4.3.1 Promote effective Intellectual Property protection and incentives to bolster a culture of creativity and innovation among MSMEs	Number of local innovations protected	Medium term	<b>MICAF, JBDC, JIPO, SRC, BSJ</b>
		4.3.2 Promote the transformation of traditional community centres and shared public spaces into innovation centres	Number of centres transformed	Medium term	<b>JBDC, SDC, MICAF, JCF</b>
		4.3.3 Promote the use of technology in schools	Number of events conducted and uptake of technology by MSME	Short to medium term	<b>MoEYI, JBDC, SRC, BSJ, MICAF</b>
		4.3.4 Expand the delivery of on-the-job sensitization and training modules with a focus on making existing technology more efficient	Number of modules delivered	Medium term	<b>MICAF, JBDC and HEART/NTA</b>
		4.3.5 Establish incubators to support MSMEs involved in science, technology and innovation	Number of incubator supported or established	Medium term	<b>MICAF, MSET, JBDC, SRC, SUJ, BSJ and Tertiary Institutions</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: A Culture of Entrepreneurship and Innovation</b>					
		4.3.6 Promote greater use of technology to drive entrepreneurship development	Number of technology upgrading projects implemented in schools	Short to medium term	<b>MoEYI, MSET, MICAFA, JBDC &amp; Diaspora Group</b>
		4.3.7 Work with MSME umbrella organizations to develop and use online customer/client relationship management (CRM) software to increase productivity	<ul style="list-style-type: none"> <li>• Uptake of CRM software among MSME</li> <li>• Productivity levels among MSMEs increased</li> </ul>	Short to medium term	<b>MICAFA, MSET, JBDC, SRC, and partners</b>
		4.3.8 Forge partnerships with academia and private sector to leverage the scientific research and development resources of the country for economic development	Partnerships forged	Short term	<b>MICAFA, JBDC, Universities and Industry partners</b>
		4.3.9 Revise the legislative framework to govern matters related to patents	Revised legislative framework	Medium term	<b>MICAFA, JIPO, SRC</b>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: A Culture of Entrepreneurship and Innovation</b>					
<b>Innovation and Productivity through Information Communication Technology (ICT)</b>  Increase the number of MSMEs using ICT products and services by 10% annually.	4.4 To support an innovation network among MSMEs, state entities and other institutions that supports the adaptation of ICT products and services by MSMEs.	4.4.1 Promote the importance of creativity as a precondition for Science Technology, Engineering, Arts and Mathematics (STEAM) innovation	Number of modules in national educational curriculum	Medium term	MICAF, JBDC, <b>MSET, MoEYL</b> , innovator support organization
		4.4.2 Promote greater emphasis on coding, robotics and animations within the education system to drive technology innovation	Coding, robotics and animation developed in school curriculum	Medium term	MICAF, <b>MoEYL, MSET</b> and CAPE
		4.4.3 Promote technical training and education to develop a cadre of knowledge workers	<ul style="list-style-type: none"> <li>• Number of programmes developed and implemented</li> <li>• Number of MSMEs trained and certified</li> </ul>	Short to medium term	<b>HEART/NTA</b> , MICAF, <b>MoEYL</b> , state agencies specifically
		4.4.4 Promote the introduction of ICT-enabled services to the MSME sector	Number of ICT enabled MSMEs services	Short to medium term	<b>MICAF, SRC</b> , MICAF, <b>MSET</b> , JBDC, DBJ
		4.4.5 Promote the provision of private equity financing and other types of financing options for high-tech MSMEs for business growth and development	<ul style="list-style-type: none"> <li>• Number of MSMEs benefitting from special financing options</li> <li>• Number of special financing options introduced</li> </ul>	Medium term	MICAF, <b>MSET, DBJ</b> , JBDC, funders

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 5: Social Value Created Through Business Models</b>					
<b>Social Capital</b>  To establish a knowledge-sharing platform for MSMEs and Social Enterprises by April 2020	5.1 To support the development of a knowledge-sharing platform which facilitates effective dialogue among MSMEs	5.1.1 Collaborate with MSME umbrella organizations and trade associations to establish knowledge sharing database to foster greater social capital among MSMEs	Number of collaboration arrangements established to foster greater social capital	Medium term	<b>MICAF</b> SBAJ, MSME Alliance
<b>Social Value Creation</b>  To ensure that the national policy framework and architecture account for the creation of social value and the development of the social economy	5.2 To facilitate the review and expansion of the MSME and Entrepreneurship Policy to create an enabling environment for the continued development of the Social Economy in Jamaica	5.2.1 Promote national awareness of the concept of social enterprises as part of the business ecosystem	Presence of a national awareness promotion programme on SEs	Medium term	<b>MICAF, PIOJ,</b> JBDC, COJ and SE partners
		5.2.2 Build capacity of entities (through training) that offer business development support to social enterprises and social entrepreneurs	Number programmes for SEs	Medium term	<b>MICAF, PIOJ,</b> JBDC and SE partners
		5.2.3 Promote creativity and innovation in entrepreneurship to address social issues	Number of business solutions that target social issues	Long term	<b>MICAF, PIOJ,</b> JBDC and SE partners
		5.2.4 Development of specific financial solutions that support social enterprise sector	Value of financial resources to the social enterprise sector	Long term	<b>MICAF, PIOJ, DBJ,</b> financial sector, other partners
		5.2.5 Collect national data ( include conduct tracer studies) on the value being created by social enterprise and build a central database	Presence of a Database with national information	Medium term	<b>MICAF, PIOJ, JSIF</b> and SE partners, Universities, <b>STATIN,</b> PIOJ

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 5: Social Value Created Through Business Models</b>					
		5.2.6 Develop analytical tool that would measure social value creation at the macro level	Tools developed and applied;	Long term	<b>MICAF, PIOJ, JSIF, STATIN,</b> and SE partners, Universities
		5.2.7 Promote the use of analytical tools such as SROI to measure social value creation to inform organizations that provides support to social enterprises	Number of SEs supported	Medium term	<b>MICAF, PIOJ, JSIF</b> and SE partners, Universities, STATIN, PIOJ
		5.2.8 Develop business model template that would be useful in seeking loans and assessment	Model template developed	Medium term	<b>MICAF, PIOJ, JBDC, DBJ</b> and SE partners, Universities
		5.2.9 Support the establishment of national organization with responsibility for organizing, supporting and advocating for the social enterprise sector	SE organization established and operationalized	Medium term	<b>MICAF, PIOJ, SE</b> partners, researchers, Universities
		5.2.10 Develop a code of ethics for the social enterprise sector in Jamaica	Codes developed and adopted	Short term	<b>MICAF, PIOJ, COJ</b> and SE partners,
		5.2.11 To research & propose viable legal structures for social enterprise operation	Concept note for proposed legal structure drafted and approved	Medium term	<b>MICAF, COJ, JBDC, MOFPS, SE</b> partners, researchers, Universities
		5.2.12 Support the inclusion of the social enterprises sector under the GOJ governance framework in terms of legislation, programmes and institutions (alignment with existing fiscal provisions)	Framework established	Medium term	<b>MICAF, JBDC, MoFPS, DBJ, PIOJ, COJ, SE</b> partners, researchers/Universities

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: Embedded Cross Cutting Issues</b>					
<p><b>Gender Sensitivities in Business</b></p> <p>To utilize that the MSME and Entrepreneurship policy as a foundation to promote equity for women and men entrepreneurs</p>	<p>6.1 Establish and collaborate on programmes that supports equality and equity of opportunities for women and men entrepreneurs</p>	<p>6.1.1 Develop MOUs and Collaboration Agreements on Gender issues in entrepreneurship</p>	<p>MOUs developed</p>	<p>Medium term</p>	<p><b>MCGES, BGA</b> <b>MICAF, JBDC</b> researchers/Univer sities</p>
		<p>6.1.2 Identify factors that constrain the participation of women and men in business and develop appropriate strategies to address them</p>	<p>Concept paper on constraints and solutions developed</p>	<p>Medium term</p>	<p><b>MCGES, BGA</b> <b>MICAF, JBDC</b> researchers/Univer sities</p>
		<p>6.1.3 Strengthen the capacity of organization to design and deliver programmes focusing on the unique challenges of female and male entrepreneurs</p>	<ul style="list-style-type: none"> <li>• Number of workshops delivered</li> <li>• Number of entities trained</li> </ul>	<p>Medium term</p>	<p><b>MCGES/BGA,</b> <b>MICAF, JBDC</b> and <b>WOB</b> partners, researchers/Univer sities</p>
		<p>6.1.4 Promote the work of NGOs and Social Enterprises and MDAs to address gender marginalization in entrepreneurship</p>	<p>Number of supporting programmes</p>	<p>Medium term</p>	<p><b>MCGES/BGA,</b> <b>MICAF, JBDC,</b> <b>SDC, CRP</b></p>
		<p>6.1.5 Undertake training and capacity building initiatives targeting women entrepreneurs</p>	<p>Number of women benefitting from capacity building</p>	<p>Medium term</p>	<p><b>MCGES/BGA,</b> <b>MICAF, JBDC</b> and <b>WOB</b> partners, researchers/Univer sities</p>
		<p>6.1.6 Partner with gender based organizations in the development of national policies and strategies related to MSME growth and development</p>	<p>Policies and strategies developed</p>	<p>Medium term</p>	<p><b>MICAF,</b> <b>MCGES/BGA,</b> <b>JBDC</b> and <b>WOB</b> partners, researchers/Univer sities</p>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: Embedded Cross Cutting Issues</b>					
<p><b>Persons with Disabilities</b></p> <p>To establish a national policy framework that allows for full inclusion, opportunities and support for persons with disabilities within the business community</p>	<p>6.2 Facilitate and guide the establishing of a national policy framework that allows for full inclusion of persons with disabilities within the business community</p>	<p>6.2.1 Build the capacity of organizations/entities to design and deliver programmes that consider the needs of MSMEs with disabilities</p>	<ul style="list-style-type: none"> <li>• Number of Workshops conducted</li> <li>• Number of programmes developed</li> </ul>	<p>Long term</p>	<p><b>JBDC, CVSS, MICAFA, Disability Partners,</b></p>
		<p>6.2.2 Provide support to organizations that are established to address the needs of MSMEs with disabilities</p>	<p>Number of initiatives supported</p>	<p>Long term</p>	<p><b>MICAFA, JBDC, SEs, Disability partners</b></p>
		<p>6.2.3 Collaborate to develop grant funding proposals targeting MSMEs with disabilities</p>	<ul style="list-style-type: none"> <li>• Grant funding proposal developed</li> <li>• Number of beneficiaries</li> </ul>	<p>Long term</p>	<p><b>MICAFA, DBJ, JBDC, CVSS, Disability partners</b></p>
		<p>6.2.4 Develop special training programmes targeting MSMEs with disabilities</p>	<p>Number of beneficiaries</p>	<p>Medium term</p>	<p><b>MICAFA, JBDC, Disability partners</b></p>

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: Embedded Cross Cutting Issues</b>					
<b>Youth in Business</b> To utilize that the MSME and Entrepreneurship policy as a foundation to support youth entrepreneurship empowerment and employment	6.3 Provide a MSME and Entrepreneurship policy that supports youth entrepreneurship	6.3.1 Implement the Youth Entrepreneurship Strategy as an enabling framework for the growth and development of youth-led businesses	<ul style="list-style-type: none"> <li>Youth Strategy implemented</li> <li>Number of established youth businesses</li> </ul>	Long term	<b>YEA, YUTE, MICAFA, JBDC, Youth Service focus partners</b>
		6.3.2 Establish a resource and support network that supports youth enterprise development	Network platform developed	Medium term	<b>YEA, YUTE, HEART/NTA, NCYD, SDC, JSIF, CSJP, JCF, MICAFA, JBDC,</b>
		6.3.3 Promote the mission of NGOs and Social Enterprises established to focus on marginalized youth in business	Number of initiatives implemented	Medium term	<b>MICAFA, JBDC, SEs, NGOs, YEA, YUTE, HEART/NTA, NCYD, SDC, etc.</b>
		6.3.4 Establish partnership among training institutions to promote basic literacy and numeracy skills among youth	Number of youths participating in specialized programme	Medium term	<b>HEART/NTA, YEA, MICAFA, JBDC, Youth Service focus partners</b>
		6.3.5 Establish partnership to promote mentorship support for youth in business	Number of youths mentored under the programme	Medium term	<b>YEA, YUTE, HEART/NTA, NCYD, SDC, JSIF, CSJP, JCF, MICAFA, JBDC,</b>



Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: Embedded Cross Cutting Issues</b>					
<b>Climate Change &amp; Environmental Degradation</b>  To promote the utilization of environmental and climate change best practices among MSMEs	6.4 Collaboration between state and non-state institutions to improve environmental stewardship and guard against negative effects of climate change	6.4.1 Sensitize MSMEs on the benefits of good environmental practices in businesses	Number of MSMEs adopting good environmental practices	Long term	MICAF, JBDC, NEPA, MEGAJC, Environmental Partners, JET
		6.4.2 Develop sensitisation programmes for MSMEs on Disaster prevention and readiness	<ul style="list-style-type: none"> <li>• Number of programmes developed</li> <li>• Number of MSMEs sensitised</li> </ul>	Medium term	MICAF, JBDC, NEPA, MEGAJC, Environmental Partners
		6.4.3 Promote compliance among MSMEs to National Environmental Policies and Legislation	Number of MSMEs complying with Environmental legislation	Long term	MICAF, NEPA, MEGAJC, JBDC, Environmental partners
		6.4.4 Lobby for the provision for incentives for adopting green innovation and solutions	<ul style="list-style-type: none"> <li>• List of incentive offered to MSMEs</li> <li>• Number of MSMEs benefitting</li> </ul>	Long term	MICAF, JBDC, , NEPA, MEGAJC DBJ Environmental partners
		6.4.5 Recognize, through awards, MSMEs that undertake 'green initiatives' and sustainable environmental practices	Number of MSME awardees	Medium term	MICAF, JBDC, NEPA, MEGAJC, Environmental partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: Embedded Cross Cutting Issues</b>					
<b>Continuous and Comprehensive Empirical Data on MSMEs</b>  To establish a data management system for the MSME sector	6.5 Develop a project to generate, collate and analyse data relevant to the growth and development of the MSME sector	6.5.1 Establish an Interagency Working Group focusing on the development of key statistical indices for the MSME sector	Statistical Indices developed and utilized	Medium term	<b>MICAF, STATIN, JBDC, PIOJ</b> and partners
		6.5.2 Support the efforts of STATIN to complete a comprehensive enterprise survey for the sector	Survey completed - findings	Medium term	<b>MICAF, JBDC, STATIN, PIOJ</b>
		6.5.3 Develop a research project to generate baseline data for the Social Economy and the traditional MSME sector	<ul style="list-style-type: none"> <li>• Project developed</li> <li>• Baseline data generated</li> </ul>	Medium term	<b>MICAF, JBDC, STATIN</b> and University researchers
		6.5.4 Develop cooperation protocols with current agencies that collects data such as TAJ and JCA	Number of cooperation protocols	Short term	<b>MICAF, JBDC, MoFPS, TAJ, JCA,</b> other partners
		6.5.5 Promote uniformity among financial institutions in reporting on MSME loan disbursements	Unified system for reporting on MSME loan disbursements developed	Medium term	<b>MICAF, JBDC, MIDA, DBJ, JCCUL, JAMFA, JAMFIN,</b> partners
		6.5.6 Undertake data gathering and research to develop policy intervention on formality	Database on MSMEs developed	Long term	<b>MICAF, JBDC, COJ, TAJ, MoFPS,</b> partners
		6.5.7 Sensitize MSMEs about the importance of gathering and utilizing data	Number of MSMEs engaged in data mining	Short term	<b>MICAF, JBDC, STATIN,</b> partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: Embedded Cross Cutting Issues</b>					
<b>Public Education Programme</b>  To establish an effective centralized platform that offers informational support to MSMEs by January 2020	6.6 Support the establishment of a central repository of information for MSMEs	6.6.1 Utilize ICT to support public education on entrepreneurship	Digitized Materials developed and uploaded	Long term	<b>MICAF, JBDC</b> , Academia partners
		6.6.2 Partner with the private sector and academia to implement a public education programme for MSMEs	Public education programme developed and implemented	Long term	<b>MICAF, JBDC</b> , Academia partners
		6.6.3 Partner with stakeholders to increase the number of Information Centres available to MSMEs	Number of information centres established	Long term	<b>MICAF, JBDC</b> , Academia, JEA and JCC
		6.6.4 Partner with the Social Development Commission (SDC), Faith-Based Organizations (FBOs) and Community-Based Organizations (CBOs) to promote service offerings available through business development service providers	<ul style="list-style-type: none"> <li>• Number of joint programmes implemented</li> <li>• Service offerings accessed by MSMEs</li> </ul>	Long term	<b>MICAF, JBDC</b> , SDC, FBOs Academia partners
		6.6.5 Partner with the Jamaica Information Service (JIS) to and other media houses to promote the availability of business development organisation for MSMEs	Number of releases facilitated by partners	Medium term	<b>MICAF, JBDC</b> , Academia partners, Media partners

From the matrix above, it should be noticed that the majority of the activities to be implemented are short to medium term; ongoing and the key duty bearers being MICAF and JBDC. This is so as the policy activities required are urgent and some components are already being done by a partner/s in the sector. Significant work is being done by existing institutions including: Endowments, Foundations ( e.g. DIGICEL Fn, Jamaica National fn, NCB Fn, Scotia Fn, Grace and Staff Fn; Sandals Fn and JPS fn and Branson Fn), NGOs, State Agencies (e.g. JBDC, NHT Social Development arm; JSIF/REDI, SDC/LED, JCF, CSJP, JCDC, CHASE, HEART/NTA) and PIOJ/CRP) and International donor agencies and partners ( e.g. COMET II, USAID, IDB, British Council) Academic Institutions (OSE/UWI, UWE/MECC, UTECH/TIC, NCU and UOC). The policy activities support the creation of a robust network among the stakeholders and will establish a platform guided by JBDC at the micro level and the MICAF at the macro level. With this kind of dynamic an oversight the activities outlined can be implemented within the time stipulated. Those that are already ongoing can be collated further and data gathered can be used to support the baseline data that is needed to measure performance of the sector. Lead implementing entities are in **Bold**.

## ANNEX II

### MAP OF THE ENTREPRENEURSHIP PROCESS TO THE POLICY

Opportunity based entrepreneurship is a process of creating value by bringing together the relevant set of resources to seize the identified opportunity. Within this process there are two key considerations, the application of creativity and innovation.

Creativity is the process of generating ideas, while innovation is the process of converting ideas into goods and services that can satisfy a need and/or want. According to Morris et al (2001), this process is captured in a framework, which consists of six stages. The first two stages, (i) opportunity identification and (ii) business concept development, represent the ideation phase of the process. The entrepreneur is attempting to identify patterns and forces in the environment that represents profit potential, and to develop a creative means of capitalizing on that potential. The remaining stages are concerned with implementation where the entrepreneur (iii) assesses and acquires the necessary resources, (iv) implements the concept, (v) manages the business, and eventually (vi) harvests the venture. While creativity is perhaps most associated with the beginning of the process, in practice the subsequent stages often require the most innovative and risk taking behaviors on the part of the entrepreneur. It must be acknowledged that there are several models and frameworks to describe the entrepreneurship process. The selection of this model is convenient for illustrative processes but the mapping can also be applied to other models

The process components are outlined below but it is important to note that there are preconditions to generating the idea and the governance platforms that best suit the venture form (Morris et al. 2001). This includes capacity building to support governance and the development of ventures.

1. **Identifying an Opportunity:** the opportunity can emerge through a number of changes including; changing demographics; emergence on new market segments; new process needs; new technologies; incongruities; regulatory change and social changes.
2. **Developing the Concept:** the development of a new concept could be in the form of new products; new services; new processes; new markets; new organizational structure/forms; new technologies and new sales or distribution channels.
3. **Determine the Required Resources:** the required resources fall within four categories Financial, Human Resources, Operations and Marketing (FHOM). More specifically these include: skilled employees; general management expertise; marketing and sales expertise; technical expertise; financing; distribution channels; sources of supply; production facilities and licenses, patents and legal protection.
4. **Acquire Necessary Resources:** there are several ways through which secure needed resources, these include: debt; equity; leveraging; outsourcing; leasing; supplier financing; joint venture; partnership; barter; gifts and grants.
5. **Implement and manage:** implementing the venture idea successfully would require implementation of concept; monitoring of performance; payback of resource providers; reinvestment; expansion and achievement of performance goals.

6. **Harvest the Venture:** as the venture grows the entrepreneur faces a number of options for the future including: absorption of new concept into mainstream operations; licensing of rights; family succession; sale; a public listing or a structured closure.

The GoJ policy framework should therefore support the venture over the entire process from ideation through to harvesting. As such there must be a clear synchronization of the strategy to the stages of the process. The matrix below is a high level mapping of the major policy elements on the six stages of the entrepreneurship process. This provides a guide to identify which elements are being addressed and where there are gaps, if any. This represents the first component in the Implementation Plan. The second component of the Implementation Plan outlines the strategy activities, timeline, and duty bearers.

### Illustrative Mapping of the Entrepreneurship Process to Key Elements of the MSME & Entrepreneurship Policy

Stage in the Entrepreneurship Process	Policy Element	Aim
<i>Pre Conditions for Idea Generation and Governance</i>	Informality (Chapter 5)	To encourage business formalization in the MSME sector
	Tax and Incentives Structure (Chapter 5)	To establish a more supportive tax and incentive framework for MSMEs
	Legal, Regulatory and Administrative Framework (Chapter 5)	To improve the efficiency and cost-effectiveness of the legal, regulatory and administrative environment for businesses.
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Entrepreneurial Skills (Chapter 8)	To promote sound entrepreneurial practices through sustainable capacity building and public education programmes
	Business Sustainability and Fear of Failure	To support restructuring of MSMEs as required.
	Continuous and Comprehensive Empirical Data on MSMEs (Chapter 9)	To improve the capacity of the public sector to collect data on MSMEs
	Public Education Programme (Chapter 9)	To provide ongoing informational support to MSMEs
<i>Stage 1. Identifying an Opportunity</i>	Government Procurement (Chapter 5)	To increase MSME participation in government procurement tenders.
	Demand for Traditional Goods and Services	To increase the market share for goods and services produced by MSMEs.
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs.
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises

<b>Stage in the Entrepreneurship Process</b>	<b>Policy Element</b>	<b>Aim</b>
	Social Value Creation (Chapter 9)	To strengthen the policy framework that creates an enabling environment for the continued development of the social enterprise model as an enabler of economic growth and social development in Jamaica.
	Internationalisation of MSMES (chapter 5)	To improve the ability of MSMEs to take advantage of international opportunities.
<b>Stage 2.</b>		
<i>Developing the Concept</i>	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.
	Demand for Traditional Goods and Services Produced by MSMEs (Chapter 7)	To increase the market share for goods and services produced by MSMEs.
	Standards, Quality and Safety of Products and Services (Chapter 7)	To increase the competitiveness and market access of good and services produced by MSMEs through standards, certification and accreditation
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Innovation and Productivity through Science, Technology, Research and Development (Chapter 8)	To foster a culture of innovation through more productive use of science and technology and R&D among MSMEs.
	Social Value Creation (Chapter 9)	To strengthen the policy framework that creates an enabling environment for the continued development of the social enterprise model as an enabler of economic growth and social development in Jamaica.
<b>Stage 3.</b>		
<i>Determine the required resources</i>	Supply of credit (Chapter 6)	To facilitate an increase in the supply of credit to MSMEs.
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.

Stage in the Entrepreneurship Process	Policy Element	Aim
	Standards, Quality and Safety of Products and Services (Chapter 7)	To increase the competitiveness and market access of good and services produced by MSMEs through standards, certification and accreditation
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
<b>Stage 4.</b> <i>Acquire Necessary Resources</i>	Supply and Access to Financing Chapter 6)	To facilitate both the supply of credit and increase access to credit by MSMEs
	Non-Traditional Collateral (Chapter 6)	To introduce and promote the use of financing options that is less dependent on the provision of traditional collateral
	Interest Rates for MSME Interest Rates for MSME Loans (Chapter 6)	To facilitate lower interest rates to MSMEs.
	Equity Financing (Chapter 6)	To promote equity financing as a viable financing option for MSMEs
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.
	Labour Productivity and Labour Conditions (Chapter 7)	To build an internationally competitive labour force that will bolster productivity performance.
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Social Capital (Chapter 9)	To foster greater cohesiveness and promote the benefits of information and knowledge sharing, unity and cooperation
	Social Value Creation (Chapter 9)	To strengthen the policy framework that creates an enabling environment for the continued development of the social enterprise model as an enabler of economic growth and social development in Jamaica.
Gender Sensitivities in Business (Chapter 9)	To ensure equality and equity of opportunities between women-owned and men-owned business.	



Stage in the Entrepreneurship Process	Policy Element	Aim
	Persons with Disabilities (Chapter 9)	To provide full inclusion, opportunities and support for persons with disabilities within the business community
	Youth in Business (Chapter 9)	To encourage and support youth entrepreneurship as a strategy for youth empowerment and employment
<i>Stage 5. Implement and Manage</i>	Energy Costs (Chapter 5)	To promote the use of least cost energy among MSMEs
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.
	Structured Network of Resource Persons (Chapter 7)	To implement a structured Mentorship Programme for the sector
	Marketing and Communication Skills (Chapter 7)	To increase the marketing and communication skills of MSMEs
	Business Clusters/Clustering (Chapter 7)	To encourage the formation of business clusters as a means of developing the MSME Sector.
	Standards, Quality and Safety of Products and Services (Chapter 7)	To increase the competitiveness and market access of good and services produced by MSMEs through standards, certification and accreditation
	Labour Productivity and Labour Conditions (Chapter 7)	To build an internationally competitive labour force that will bolster productivity performance.
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Innovation and Productivity through Information Communication Technology (ICT) (Chapter 8)	To create an enabling environment that will help to foster innovation among MSMEs through greater supply of and demand for ICT products and services.
Environmental Degradation (Chapter 10)	To ensure that proper systems, including an environmentally aware/friendly culture, are in place to ensure environmental protection while MSMEs carry out their operations	
<i>Stage 6.</i>	Equity Financing (Chapter 6)	To promote equity financing as a viable option.

Stage in the Entrepreneurship Process	Policy Element	Aim
<i>Harvest the Venture</i>	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Structured Network of Resource Persons (Chapter 7)	To implement a structured Mentorship Programme for the sector
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises

**Note:** The above table does not map all policy elements to the entrepreneurship process, only key elements have been mapped. It should also be noted that several policy elements are relevant to several (or at times all) all steps in the entrepreneurship process, and thus comprise of the overarching strategies that are imperatives for effective development of the sector.

## APPENDIX I

### STAKEHOLDER CONSULTATIONS - MSME AND ENTREPRENEURSHIP POLICY-

#### 2011-2013 Stakeholder Consultations

1. ADA Manufacturing
2. Anti-Dumping & Subsidies Commission (ADSC)
3. Association of Development Agencies
4. Bank of Jamaica
5. Big Accounting Services
6. Boldeck Jamaica
7. Brown's Town Community College
8. Business Consultant
9. Cabinet Office
10. Caribbean Aerospace College
11. Government of Jamaica /European Union, Coordination & Monitoring Unit
12. Churches Credit Union
13. COK Sodality Co-operative Credit Union
14. Companies Office of Jamaica (COJ)
15. Consultant
16. Consumer Affairs Commission (CAC)
17. D's Exotic Creation
18. Department of Correctional Services
19. Department of Management Studies, UWI
20. Dept. Co-op & Fr. Societies
21. Dervon Barrett Upholstery
22. Development Bank of Jamaica (DBJ)
23. Entrepreneur
24. EXIM Bank
25. Exodus Gospel Limited
26. Fair Trading Commission (FTC)
27. First Union Bank
28. First Union Financial Co. Ltd.
29. Front Porch Gift & Craft
30. HEART Trust/NTA
31. Jamaica Association of Composer, Author & Publishers (JACAP)
32. Jam Dung Bar & Grill
33. Jamaica Bankers Association (JBA)
34. Jamaica Business Development Corporation (JBDC)
35. Jamaica Chamber of Commerce (JCC)
36. Jamaica Exporters Association (JEA)
37. Jamaica Intellectual Property Office (JIPO)
38. Jamaica Manufacturer Association (JMA)
39. Jamaica Micro Finance Association (JAMFA)
40. Jamaica National Agency for Accreditation (JANAAC)
41. Jamaica Promotions Corporation (JAMPRO)
42. Jamaica Social Investment Fund (JSIF)
43. Jamaica Stock Exchange (JSE)
44. Jamaica Vendors Higglers & Markets Association (JVHMA)
45. JB's Catering
46. JCC/Attorney-at-law
47. Jamaica Hotel and Tourism Association (JHTA)
48. JN Small Business Loan
49. Johnson Organic Fertilizer
50. KD&R Enterprises Limited
51. Living Juice
52. Mack John Traders
53. Micro Investment Development Agency (MIDA)
54. MIIC – Commerce
55. MIIC – Communications
56. MIIC – Consultant
57. MIIC – Industry
58. MIIC – Policy
59. MIIC – Technology
60. Ministry of Agriculture & Fisheries
61. Ministry of Education (MOE)
62. Ministry of Finance and the Public Service
63. Ministry of Foreign Affairs & Foreign Trade
64. Ministry of Industry, Investment & Commerce (MIIC)
65. Ministry of Justice
66. Ministry of Justice (MOJ)
67. Ministry of Local Government & Community Development
68. Ministry of Tourism & Environment
69. Ministry of Youth, Sports and Culture
70. Mona School of Business (UWI)

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|--|--|
| 71. Montego Bay Community College                      | 90. Scotiabank Jamaica Limited                 |
| 72. MPCB Moneague.                                     | 91. Seacrest Resort Co. Ltd                    |
| 73. MSME Alliance                                      | 92. Self -Start Fund                           |
| 74. Mundle & Son Enterprise                            | 93. Sitam Agencies                             |
| 75. National People's Co-operative Bank                | 94. Small Business Association of Jamaica      |
| 76. National Center for Youth Development (NCYD)       | 95. Smart Edge Concepts                        |
| 77. New Life Discipleship                              | 96. Social Development Commission (SDC)        |
| 78. Northern Caribbean University (NCU)                | 97. Statistical Institute of Jamaica (STATIN)  |
| 79. National Programme for Control of Blindness (NPCB) | 98. Steep International                        |
| 80. Nuff Hope  | 99. Strategy – ICT & Creative Industries?      |
| 81. Organization of American States (OAS)              | 100. Sunflower                                 |
| 82. Planning Institute of Jamaica (PIOJ)               | 101. Taste Limited                             |
| 83. Private Sector Organization of Jamaica (PSOJ)      | 102. Tax Administration Jamaica (TAJ)          |
| 84. Progressive Innovative Enterprise                  | 103. Thomas Forbes & Associates                |
| 85. Retired Teacher                                    | 104. Tourism Product Development Company       |
| 86. Rural Agricultural Development Agency              | 105. Trade Board Limited                       |
| 87. SBE Business Support Centre                        | 106. Ultra Media Sales                         |
| 88. Sustainable Communities Foundation (SCF)           | 107. University College of the Caribbean (UCC) |
| 89. Scientific Research Council (SRC)                  | 108. University of Technology (UTECH)          |
|  | 109. University of the West Indies (UWI)       |
|  | 110. Visual & Performing Arts Jamaica          |
|  | 111. White House E.C.C.                        |

#### **2016- 2018 Limited Review - Stakeholder Consultations**

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|---|--|
| 1. Agency for Inner City Renewal            | 20. Fair Trading Commission (FTC)                    |
| 2. Bankers Association of Jamaica (BAJ)     | 21. HEART Trust/ NTA                                 |
| 3. Bank of Jamaica (BOJ)                    | 22. Henry's Delight                                  |
| 4. Bank of Nova Scotia (BNS)                | 23. Honey Bun Jamaica                                |
| 5. Branson Entrepreneurship Centre          | 24. Island Best Treet                                |
| 6. Bureau of Gender Affairs                 | 25. Jamaica Chamber of Commerce (JCC)                |
| 7. Bureau of Standards Jamaica (BSJ)        | 26. Jamaica 4 H Club                                 |
| 8. Cabinet Office                           | 27. Jamaica Agricultural Society                     |
| 9. Caribbean Business Enablers Network      | 28. Jamaica Association for Micro Financing (JAMFIN) |
| 10. Chocolate Expression/Our Jamaican Foods | 29. Jamaica Bankers Association (JBA)                |
| 11. Companies Office of Jamaica (COJ)       | 30. Jamaica Business Development Cooperation (JBDC)  |
| 12. Consumers Affairs Commission (CAC)      | 31. Jamaica Chamber of Commerce (JCC)                |
| 13. Council of Voluntary Social Services    | 32. Jamaica Cooperate Credit Union League            |
| 14. Development Bank of Jamaica (DBJ)       | 33. Jamaica Customs Agency                           |
| 15. Digicel Foundation                      | 34. Jamaica Employers' Federation (JEF)              |
| 16. EcoFarms                                | 35. Jamaica Exporters Association (JEA)              |
| 17. EXIM Bank Jamaica                       | 36. Jamaica Intellectual Property Organization       |
| 18. Factories Corporation Jamaica (FCJ)     | 37. Jamaica Junior Stock Exchange                    |
| 19. Factory Foods                           |  |

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|-----|---|-----|---|
| 38. | Jamaica Manufactures Association (JMA)                          | 74. | The National Export-Import Bank of Jamaica              |
| 39. | Jamaica Micro Financing Association (JAMFA)                     | 75. | Trade Board Limited                                     |
| 40. | Jamaica National Foundation                                     | 76. | University of Technology (UTECH)                        |
| 41. | Jamaica National Building Society                               | 77. | Women's Entrepreneurial Network of the Caribbean (WENC) |
| 42. | Jamaica National Small Business Loans                           | 78. | Young Entrepreneurs Association (YEA)                   |
| 43. | Jamaica Promotions Corporation                                  | 79. | 3 Star Chocolate  |
| 44. | Jamaica Social Investment Fund (JSIF)                           |     |   |
| 45. | Micro Development Agency (MIDA)                                 |     |   |
| 46. | Ministry of Industry Commerce Agriculture and Fisheries (MICAF) |     |   |
| 47. | Ministry of Culture Gender Entertainment and Sports             |     |   |
| 48. | Ministry of Economic Growth and Job Creation                    |     |   |
| 49. | Ministry of Education Youth & Information                       |     |   |
| 50. | Ministry of Finance & Public Service (MOFPS)                    |     |   |
| 51. | Ministry of Foreign Affairs                                     |     |   |
| 52. | Ministry of Labour & Social Security                            |     |   |
| 53. | Ministry of Local Government & Community Development (MLGCD)    |     |   |
| 54. | Ministry of Science Energy and Technology (MSET)                |     |   |
| 55. | Ministry of Tourism (MOT)                                       |     |   |
| 56. | Ministry of Transport & Mining                                  |     |   |
| 57. | Mona School of Business Management (MSBM)                       |     |   |
| 58. | MSME Alliance   |     |   |
| 59. | National Commercial Bank (NCB)                                  |     |   |
| 60. | Northern Caribbean University (NCU)                             |     |   |
| 61. | Office of Social Enterprise, UWI                                |     |   |
| 62. | Planning Institute of Jamaica (PIOJ)                            |     |   |
| 63. | Policy Consultant   |     |   |
| 64. | Private Sector Organization of Jamaica (PSOJ)                   |     |   |
| 65. | Rural Agricultural Development Agency (RADA)                    |     |   |
| 66. | Savory Bakery   |     |   |
| 67. | Shachore Ltd  |     |   |
| 68. | Small Business Association of Jamaica (SBAJ)                    |     |   |
| 69. | Social Development Commission (SDC)                             |     |   |
| 70. | Social Enterprise Boost Initiative (SEBI)                       |     |   |
| 71. | Statistical Institute of Jamaica (STATIN)                       |     |   |
| 72. | Start-up Jamaica  |     |   |
| 73. | Tax Administration of Jamaica (TAJ)                             |     |   |

## APPENDIX II

### GENERAL DESCRIPTION OF THE SURVEYS

**McFarlane, Carmen (September 1997) *A Comprehensive Description of the Jamaican Micro and Small Enterprise*. McFarlane Consultants.**

The 1996 Micro and Small Enterprise Survey was a multi-stage survey of 2,000 non-agricultural micro and small businesses. The three stage sampling design involved the selection of geographic areas (Primary Sampling Units) and the identification of all non-agricultural businesses in these units, the preparation of the list of non-agricultural businesses operating in selected areas and the enumeration of selected businesses, including open-air and mobile non-agricultural micro and small businesses operated by residents living in the selected geographic areas and non-agricultural micro and small businesses within buildings and other structures situated within the boundaries of the Enumeration District. The classification for the business establishments used in this study is follows:

<b>Classification by Number of Employees</b>
Own account workers with no paid employees
Businesses with 1-4 paid employees
Businesses with 5-9 paid employees

It should be noted that the term ‘micro-enterprises’ was used in reference to the classification above (see page 17 of the study). The study however was intended to cover micro and small enterprises.

**Inter-American Development Bank. (2006). *Informal Sector in Jamaica*. IDB: New York.**

A Micro and Small Enterprise survey was designed and carried out in 2003 to collect the data that was later used in the 2006 study cited above. Using the full listing of Jamaican premises, a size-stratified random sample of 1,226 was drawn consisting of the following business components: 52% own-account workers; 37% micro enterprises with two (2) to four (4) workers; and 11% small firms employing between five (5) to twenty (20) workers. The classification for the business establishments used in this study is as follows:

<b>Size/Category</b>	<b>Classification by Number of Employees</b>
Own-account Business	Own account workers with no paid employees
Micro	Businesses with 2-4 employees
Small	Businesses with 5-20 employees

**PSDP (April 2008). *A Landscape Assessment of Jamaican Micro, Small and Medium-Size Enterprises (MSMEs)*; Prepared for the Target Growth Competitiveness Committee (TGCC)**

A large scale cross-sectional survey across Jamaica’s fourteen (14) parishes was undertaken from January 10 to February 28, 2008. For this survey, 3,300 questionnaires were distributed in order to ensure that the desired sample size was achieved. A total of 2,000 questionnaires were completed and returned but only 1,931 instruments were deemed acceptable thus the actual sample size used to prepare this report was 1,931.

The survey involved a multi-stage sampling strategy. In consultation with the Statistical Institute of Jamaica (STATIN), businesses were stratified by area (parish) proportionate to the business activity in each parish and data collectors were given quotas based on a specific stratification configuration. The survey focused on non-agricultural formal and informal microenterprises, small businesses and medium-sized enterprises.

A simple random sampling technique of persons (managers and owners of businesses) within these groups was undertaken. The surveyor emphasizes that in many instances, data collectors were unable to meet their quotas as enterprise managers and owners refused to participate in the survey due to lack of trust regarding the intended use of the survey and apathy which stems from the lack of policy action by the Government.

The classification for the business establishments used in this study is follows:

<b>Size/Category</b>	<b>Classification by Number of Employees</b>
Micro enterprises	Less than 4 employees
Small Enterprises	4 - 10
Medium-sized Enterprises	11 - 50

**GEM (2017). *Global Entrepreneurship Monitor (GEM) Global Report 2016/2017*. Babson College: MA**

When the first GEM report was launched in 1999 by Babson College and the London Business School, it encompassed 10 developed economies. However, GEM is now a global consortium that conducts research on 66 world economies using 400 researchers from across the globe and includes more than 100 institutions every year.

Research teams in each participating economy collect primary data through an Adult Population Survey (APS) of at least 2 000 randomly selected adults (18 – 64 years of age) annually.

Complementing the Adult Population Survey is a National Expert Survey, which gathers in depth opinions from selected national experts about the factors that have an impact on the entrepreneurship ecosystem in each economy. At least four experts from eight entrepreneurial framework condition categories are interviewed per country. In order to construct a balanced and representative sample, the experts are drawn from entrepreneurs, government, academics, and practitioners in each economy.

The 2016 GEM Report includes results based on 65<sup>48</sup> world economies completing the Adult Population Survey (APS ) (between the ages of 18 and 64 years) , while 66 economies completed the National Expert Survey .

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<sup>48</sup> Survey data from Senegal was not included in the APS

**APPENDIX III**  
**Key GOJ Divisions, Departments and Agencies in the MSME Sector**

<b>GOJ Stakeholder</b>	<b>Stakeholder Summary Role</b>
<i>Companies Office of Jamaica (COJ)</i>	COJ is responsible for registration for the registration and regulation of companies and business names. The COJ also manages the collateral registry under the Secured Transactions Regime.
<i>Department of Cooperatives and Friendly Societies</i>	The DCFS has responsibility for registration and regulation of Industrial and Provident Societies, Co-operative Societies and Friendly Societies. The DCFS also has oversight of charities and is slated for merger with the Agricultural Credit Board.
<i>Development Bank of Jamaica (DBJ)</i>	The DBJ's mission is to provide opportunities to all Jamaicans to improve their quality of life through development financing, capacity building, public-private partnerships and privatisation solutions in keeping with GoJ policy. DBJ provides several wholesale financing and capacity development products to the MSME sector through Approved Financial Institutions (AFIs). These AFIs offer retail loans and provide the necessary credit evaluation and loan supervision.
<i>Export-Import (EXIM) Bank</i>	The EXIM Bank is a trade financing institution that provides a wide range of financing instruments at competitive interest rates for the country's productive sector. Specific focus is placed on SME entities involved in non-traditional exports, such as Tourism, Manufacturing, Agro-processing, Mining, the Service Industry, Information Communication and Technology and the Creative Industries.
<i>HEART/National Training Agency (NTA)</i>	The HEART Trust/NTA has a mission to actively shape "a vibrant and dynamic workforce through the support, maintenance and development of Technical Vocational Education and Training institutions" The agency offers entrepreneurship training as well as specially designed MSME support programmes.
<i>Bureau of Standards Jamaica (BSJ)</i>	The Bureau of Standards Jamaica (BSJ) is a statutory body established by the Standards Act (1969) to promote and encourage standardization in relation to commodities, processes and practices. The agency offers special programmes for the MSME sector.
<i>Jamaica Business Development Corporation (JBDC)</i>	The JBDC's mandate is to drive business development and facilitation among MSMEs, by offering business and technical support services in areas such as consultation and business advisory services; training; technical services; incubator services; co productions facilities; marketing assistance; retail sales outlets and financial support services.
<i>Jamaica Intellectual Property Office JIPO</i>	IPO has critical mandate of administering intellectual property systems in Jamaica, in the areas of Trade Marks, Industrial Designs and Geographical Indications, Copyright and Related Rights, Patent, New Plant Varieties and Layout-Designs (Topographies).
<i>Jamaica Social Investment Fund (JSIF)</i>	JSIF channels resources through community- based socio economic infrastructure and social services projects. This is based on partnerships between central and local government, communities, private and public organizations as well as international development partners.
<i>JAMPRO</i>	JAMPRO is a statutory agency that promotes business opportunities in export and investment to the local and international private sector. The agency has several initiatives designed to support the MSME sector, particularly in the area of trade
<i>Micro Investment Development Agencies (MIDA)</i>	MIDA is a GoJ wholesaler lender targeting the micro sector through a network of retail microfinancing institutions (MFIs).
<i>MSME Office, Ministry of Industry,</i>	The Micro Small and Medium-sized Enterprises (MSME) Office is a Division of MICAF, the Ministry with assigned policy responsibility for small business



<b>GOJ Stakeholder</b>	<b>Stakeholder Summary Role</b>
<b><i>Commerce, Agriculture &amp; Fisheries (MICAF)</i></b>	development. The MSME Office has responsibility for coordinating the overarching policy framework for MSME development within Jamaica. It also has responsibility for coordination of the MSME Policy.
<b><i>National Insurance Fund</i></b>	The National Insurance Fund (NIF) provides funds or on-lending to the small business sector through approved Participating Financial Institutions (PFIs).
<b><i>Planning Institute of Jamaica (PIOJ)</i></b>	The Planning Institute of Jamaica leads the process of economic and social planning and manages external co-operation management to achieve sustainable development. The PIOJ houses the Vision 2030 (Jamaica's National Development Plan) Secretariat
<b><i>Procurement &amp; Asset Policy Unit (PAPU), Ministry of Finance &amp; the Public Service</i></b>	The Procurement and Asset Policy Unit (PAPU) within the Ministry of Finance and the Public Service is responsible for the development and implementation of public procurement policy and its associated activities.
<b><i>Rural Agriculture Development Authority (RADA)</i></b>	RADA promotes agricultural production as the main engine of growth in rural communities through technical advisory services, marketing and improved infrastructure and social services.
<b><i>Scientific Research Council (SRC)</i></b>	The SRC mandate includes supporting the growth and development of MSMEs, especially those in the agro-industrial sector whose primary functions include executing quality scientific research to support development, the fostering and coordination of scientific research, and the promotion and application of its results.
<b><i>Social Development Commission (SDC)</i></b>	The SDC implements a Local Economic Development Support Programme which build quality jobs for the current population, achieve local economic stability, and build a diverse economy and employment base.
<b><i>Startup Jamaica (SUJ)</i></b>	SUJ supports talented and technologically savvy young people to create their own employment. Entrepreneurs are assisted in transforming their ideas, passion and dream into profitable businesses through an accelerator program that provide them with key skills and technology, business, management, legal and accounting support.

In executing its responsibility for the facilitation and growth of the MSME sector, the GOJ collaborates with private sector associations, academia and non-government organisations, such as;

- *Jamaica Association for Micro- Financing (JAMFIN)*
- *Jamaica Manufacturers Association (JMA)*
- *Jamaica Micro Financing Association (JAMFA)*
- *MSME Alliance*
- *Small Business Association of Jamaica (SBAJ)*
- *Social Enterprise Boost Initiative ( a JN Foundation Project funded by USAID)*
- *Technology Innovation Centre (TIC) – University of Technology*
- *University of the West Indies (UWI)*
- *Women Entrepreneur Network of the Caribbean Initiative (WENC)*
- *Young Entrepreneurs Association (YEA)*

## APPENDIX IV

### CATALOGUE OF DEVELOPMENTS RELEVANT TO MICRO, SMALL, MEDIUM ENTERPRISES (MSMEs) IN JAMICA OVER THE PERIOD 2013-2017

The following is a summary of Government of Jamaica (GoJ) projects, programmes, legislation and initiatives relevant to the MSME sector that were introduced or completed over the three year period 2013-2016, that is, since the finalisation of Jamaica’s MSME & Entrepreneurship Policy early 2013. The initiatives have been captured in more detail in the text of the updated 2016 MSME & Entrepreneurship Policy.

The catalogue below is presented with the most recent initiatives first. The listing is not exhaustive of all developments but seeks to capture significant initiatives by GoJ that have had, or are intended to have, a positive impact on the development of the MSME ecosystem in Jamaica.

No.	Brief Description of the Initiative	Date
1.	<b>Performance Review of the Secured Transactions Regime</b> completed by the portfolio Ministry as a platform for recommendations to improve use of the regime by lenders to the MSME sector.	April 2017
2.	Minister of Labour and Social Security announces that money set aside under the <b>National Insurance Fund (NIF) for on-lending to the small business sector is to be increased to \$3 billion</b> , up from \$1.5 billion.	April 2017
3.	Launch of Jamaica’s <b>National Financial Inclusion Strategy</b> which has a strong emphasis on greater inclusion of the MSME sector.	March 2017
4.	The Government of Jamaica <b>approves the permanent establishment of an MSME Division</b> in the portfolio Ministry to coordinate across the sector and drive implementation of the Policy.	December 2016
5.	<b>Bank of Jamaica approves lower capital requirement</b> for banks lending under the DBJ Credit Enhancement Fund, making loans to the SME sector more attractive to the banking sector.	November 2016
6.	EXIM Bank announces a special <b>J\$1 billion loan window at 5%</b> for SMEs – an initiative of the Tourism Enhancement Fund	October 2016
7.	<b>Staff Level Agreement with IMF for a 3 Year Precautionary Standby facility</b> to include reforms geared towards generating faster growth and employment.	October 2016
8.	<b>Final Draft CARICOM Regional Policy circulated at COTED.</b>	October 2016
9.	<b>Economic Growth Council publishes “Call to Action”</b> that requires specific reforms to improve access to finance by MSMEs.	September 2016
10.	<b>SEZ Act was made effective</b> with a specific provision for MSMEs.	August 2016
11.	HEART launches <b>MSME Support and Financing Programme.</b>	July 2016
12.	Establishment of an <b>MSME Thematic Working Group</b> by the portfolio Ministry in collaboration with the Vision 2030 Secretariat, PIOJ.	June 2016
13.	PIOJ establishes a <b>Social Enterprise Working Group</b> to establish policy framework for the social enterprise sector.	May 2016
14.	Cabinet approves <b>the scaling down of SSF</b> in an effort to streamline MSME financing and in recognition of the fact that the entity ceased lending in 2014.	April 2016

No.	Brief Description of the Initiative	Date
15.	<b>Phase One of the OAS SBDC Pilot completed in JBDC</b> with recommendations	December 2015
16.	<b>SEZ Act passed in both Houses of Parliament</b> but was not brought into effect	December 2015
17.	<b>Public Procurement Act passed by both Houses of Parliament</b> with a special provision to allow GoJ to benefit the MSME sector. (As at December 31, 2016 the effective date of the Act has not yet been announced).	October 2015
18.	DBJ launches <b>Innovation Grant from New Ideas to Entrepreneurship (IGNITE)</b> to fund new and innovative business ideas for start-ups, supporting their development and the commercialization of their innovations	October 2015
19.	<b>Medium Term Socio Economic Policy Framework 2015 – 2018</b> approved by Cabinet.	September 2015
20.	<b>MSME Financing Task Force Report</b> published outlining the issues impacting MSME financing in Jamaica along with specific recommendations	September 2015
21.	The Port Authority of Jamaica (PAJ) signed a US\$510 million agreement with Terminal Link/CMA CGM Consortium, for the <b>privatisation of the Kingston Container Terminal (KCT)</b> to pave the way for the dredging and expansion of the Port of Kingston to include the dredging of the ship channel, turning basin and some berths.	April 2015
22.	<b>Trade Facilitation Task Force established</b> to improve the trading environment.	February 2015
23.	The <b>Bankruptcy and Insolvency Act passed</b> to create an environment that aids in the rehabilitation of debtors and the preservation of viable companies, having due regard to the protection of the rights of creditors. The new Insolvency Act and the Office of the Supervisor of Insolvency became operational January 2015	October 2014
24.	<b>Start Up Jamaica, a technology accelerator, was established</b> as a five year project under the Technology Ministry with the assistance of DBJ and the World Bank.	June 2014
25.	Launch of the <b>Foundation for Competiveness and Growth Project</b> , a six-year loan programme by the World Bank to provide support to Jamaica's Growth Agenda, including SME support.	June 2014
26.	<b>DBJ launches Voucher for Technical Assistance Programme</b> that gives entrepreneurs access to technical services and helps MSMEs build their capacity so they can expand and improve their access to financing.	May 2014
27.	<b>Rollout of the 'Super Form'</b> for the registration of new companies and the incorporation of new business names replacing thirteen (13) forms previously used for the registration of companies and business names.	April 2014
28.	Effective date of the <b>Security Interests in Personal Property (SIPP) Act</b> and the related Collateral Registry as a part of the Secured Transactions Regime. The regime is geared at improving MSMEs access to financing through a transparent, asset-based regime that allows several classes of non-traditional assets to be used as collateral.	January 2014
29.	<b>Mobile Business Clinic launched by JBDC</b> to take business development services across the island.	November 2014
30.	<b>CXC Introduces Entrepreneurship</b> as a subject at CAPE	September 2014
31.	Passage of the <b>Omnibus legislation</b> governing the granting of tax incentives	December 2013
32.	The <b>Tourism Linkages Council</b> established by the Tourism Ministry to create and sustain linkages throughout productive industries. The Council produced a Tourism Demand Study which provides market information on the tourist sector	June 2013
33.	<b>IMF approves a 4 year Extended Fund Facility</b> for Jamaica.	May 2013
34.	DBJ Launches <b>Venture Capital Programme</b> to drive the legal, regulatory and tax frameworks, with the aim of establishing a viable venture capital market.	February 2013

MSME Office  
Ministry of Industry, Commerce, Agriculture and Fisheries  
April 2017

**APPENDIX V**  
**GLOSSARY OF MSME RELATED TERMS**

<b>Glossary of MSME Related Terms</b>		
	<b>Term</b>	<b>Definition</b>
1.	Accelerator	A range of support services to startups over a short time frame to 'accelerate' the business establishment process. They offer mentorship, office space, all business development services and supply chain resources. Business accelerator programs usually offer access to capital and investment in return for startup equity.
2.	Accreditation	Formal recognition by an independent third party (an accreditation body) that specified requirements related to conformity assessment bodies (laboratories, inspection and certification bodies) have been met and that the accredited body is competent to perform specific tasks.
3.	Angel Investor	An investor who provides starting or growth capital in promising ventures, and helps with advice and contacts. Unlike venture capitalists, angel investors usually operate alone (or in very small groups) and play an indirect role as advisors in the operations of the investee firm. Also called 'Business Angel'.
4.	Asset	A resource with economic value that an enterprise owns or controls with the expectation that it will provide future benefit. Assets are reported on a company's balance sheet, and they are bought or created to increase the value of a firm or benefit the firm's operations.
5.	Barriers to Entry/Barriers to Competition	Any condition or circumstance that makes it difficult for a new business to enter an industry, such as exclusive ownership of a unique resource, economies of scale, patents, licenses, trademarks, copyrights, dedicated distribution channels, and high initial investment requirements.
6.	Business Name	A title under which a sole trader, partnership or company offers its goods or services to customers. To use the title (name), registration is required in Jamaica under the Business Name Act. (Also known in some jurisdictions as a 'trade name'). This registration does not limit the liability of the enterprise owners.
7.	Business Plan	A document which presents information on the current state of the business and the plans for the business' expansion over a future period. If used to get a bank loan, it also discusses how the loan resources will be used and establishes the credibility of project.
8.	Business Rehabilitation	Restoration of an entity to its normal or near-normal functional capabilities after the occurrence of a disabling event.
9.	Business Strategy	A term used in business planning that implies a careful selection and application of resources to obtain a competitive advantage in anticipation of future events or trends.
10.	Capital	The amount of funds that represent an ownership stake in a business or new venture that can be used to create wealth.

<b>Glossary of MSME Related Terms</b>		
<b>Term</b>		<b>Definition</b>
11.	Cluster	A network of connected businesses, suppliers, and associates in a specific field that are all located in the same geographical area. Clusters are thought to provide increased efficiency and productivity so businesses can be competitive on a national and global scale.
12.	Coaching	Close support provided by a business expert that focuses on (1) the enterprises needs and accomplishments, (2) close observation, and (3) impartial and non-judgmental feedback on performance.
13.	Collateral	An asset of value which can be used to guarantee a bank loan.
14.	Credit	An agreement based largely on trust under which goods, services, or money is exchanged against a promise to pay later. Also called commercial credit.
15.	Credit Bureau	An entity that collects information from a wide variety of financial and nonfinancial entities and provides comprehensive consumer credit information with value-added services such as credit scores to private lenders.
16.	Crowd Funding	A method of raising money from a large amount of individual investors, typically through the Internet, for a project or organization.
17.	Debt Financing	The payment, in whole or in part, for a capital investment with borrowed funds.
18.	Economies of Scale	The reduction in costs arising from an increase in size of an operating unit (a factory or plant, for example).
19.	Entrepreneur	Someone who exercises initiative by organizing a business venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced.
20.	Entrepreneurship	Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business.
21.	Entrepreneurial Shock	The psychological realization by an entrepreneur that starting and operating a small business is full of difficult decisions and disappointments.
22.	Equity Financing	Raising money by selling an interest in a business to a third party. Unlike a loan, equity financing does not have to be repaid. However, the entrepreneur gives up a part of the company and usually, a part of the control.
23.	Factoring	A financial transaction in which a business sells its accounts receivable (i.e., invoices) to a third party (called a factor) at a discount. A business will sometimes factor its receivables to meet its immediate cash needs.
24.	Family Owned Business	A company in which most of the shares are owned by members of a family.

<b>Glossary of MSME Related Terms</b>		
<b>Term</b>		<b>Definition</b>
25.	Financial Inclusion	A facilitatory financial environment that allows individuals and businesses, regardless of income, to have access to useful and affordable financial products and services that meet their needs.
26.	Feasibility Study	An analysis of a possible business opportunity that emphasizes income potential and likely expenses, with recommendations for an advantageous business model.
27.	FinTech	Financial technology, also known as FinTech, is an economic industry composed of companies that use technology to make financial services more efficient. The companies are agile and innovative and frequently disrupt traditional financial methods.
28.	Goodwill	An intangible but salable asset, such as reputation or location of a business that engenders the expectation of continued customer support if the business is sold to a potential buyer.
29.	Guaranteed Loans	A loan made by a bank upon which a government agency (e.g., the Development Bank of Jamaica) has insured partial reimbursement to the bank in the event the borrower defaults.
30.	Hand Holding	The guidance, assistance, encouragement and support to an enterprise by an experienced business counsellor.
31.	Incubator	An entity designed to nurture business ideas or new technologies to the point that they become profitable or attractive to investors. An incubator typically provides physical space and some or all of the services- legal, managerial, technical- needed for a business idea to be developed. Private equity firms often back incubators as a way of generating early stage investment opportunities.
32.	Innovation	The process of translating an idea or invention into a good or service that creates value or for which customers will pay. To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources.
33.	Insolvency	In legal terminology, the situation where the liabilities of a person or firm exceed its assets. In practice, however, insolvency is the situation where an entity cannot raise enough cash to meet its obligations, or to pay debts as they become due for payment. Properly called technical insolvency, it may occur even when the value of an entity's total assets exceeds its total liabilities.
34.	Intellectual property	Knowledge, creative ideas, or expressions of human mind that have commercial value and are protectable under copyright, patent, service mark, trademark, or trade secret laws from imitation, infringement, and dilution. Intellectual property includes brand names, discoveries, formulas, inventions, knowledge, registered designs, software, and works of artistic, literary, or musical nature.

<b>Glossary of MSME Related Terms</b>		
<b>Term</b>		<b>Definition</b>
35.	Internationalization	1. Commerce: The growing tendency of corporations to operate across national boundaries. 2. Marketing and Computing: An approach to designing products and services that are easily adaptable to different cultures and languages.
36.	Line of Credit	An arrangement in which a bank or vendor extends a specified amount of unsecured credit to a specified borrower for a specified time period. Also called Credit Line.
37.	Linkages	Relationships and interactions between business enterprises that increase the flow of commerce between the interlinked enterprises. The term usually refers to domestic economic linkages, where, for example, Foreign Direct Investment is used to stimulate the domestic economy through increased purchases of goods and services from locally based firms.
38.	Liquidity	The percentage of an enterprise's assets that can be quickly converted into cash.
39.	Market Access	Refers to the conditions, tariff and non-tariff measures for the entry of specific goods from a specific country into a specific export market.
40.	Market Share	A percentage value calculated by dividing your sales with the total sales of a product or service within a specified market.
41.	Medium Enterprise	A Medium enterprise is a firm with total annual sales or turnover in the range of seventy five million to four hundred and twenty five million (>J\$ 75million ≤ J\$425million). Employment of these firms are between fifty one to one hundred employees (51-100).
42.	Mentorship/ Mentoring	A training system in which a senior or more experienced individual (the mentor) is assigned to act as an advisor, counselor, or guide to a small firm (mentee). The mentor is responsible for providing ongoing support, guidance and feedback to the mentee as well as access to valuable networks.
43.	Microcredit	The provision of small loans to individuals and micro enterprises who would otherwise be unable to secure credit for varying reasons, including the lack of collateral and credit history. (Also called a microloan)
44.	Micro Enterprise	A Micro enterprise is a firm with total annual sales or turnover in the range of less than or equal to fifteen million (≤ J\$15million). Employment of these firms are equal to or less than ten (≤10).
45.	Mobile Money	The use of a mobile phone in order to transfer funds between banks or accounts, deposit or withdraw funds, or pay bills; it can also refer to the use of a mobile device to purchase items, whether physical or electronic.
46.	Niche Market	The area of a target market where a company or product is particularly strong. This specialization often results in high quality or differentiation by the specialist company and elimination of competition because of uniqueness.

<b>Glossary of MSME Related Terms</b>		
<b>Term</b>		<b>Definition</b>
47.	Own Account Worker	Any person who operates a farm or a business (for profit), who does not employ any paid help.
48.	Private Equity	This refers to the holding of stock in unlisted companies (that is, companies that are not quoted on a stock exchange).
49.	Productivity	A measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs. Productivity is computed by dividing average output per period by the total costs incurred or resources (capital, energy, material, personnel) consumed in that period. Productivity is a critical determinant of cost efficiency.
50.	Procurement	The acquisition of goods, works or services by any means including, where applicable, purchase, rental, lease or hire-purchase, and the acquisition of works, consulting or other services.
50.	Profit	A financial benefit that is realized when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity.
51.	Public Procurement	The acquisition, whether under formal contract or not, of works, supplies and services by public bodies. It ranges from the purchase of routine supplies or services to formal tendering and placing contracts for large infrastructural projects.
52.	Quality Control	The process of making sure that products or services are made to consistently to a defined standard.
53.	Reverse Factoring	A financing solution initiated by the ordering party in order to help suppliers finance their receivables more easily and at a lower interest rate than what they would normally obtain. (Also called supply chain financing). While 'factoring' is initiated by the supplier, 'reverse factoring' is initiated by the purchaser.
54.	Secured Transaction Regime	A legislative framework creating a security right in a movable (non-traditional) asset with a view to promoting the availability of secured credit to improve access to financing through a transparent, asset-based regime that expands the collateral classes.
55.	Seed Capital / Seed Funding	The provision of very early stage finance to a company with a business venture or idea that has not yet been established. Seed capital is often provided before venture capitalists become involved. However, some venture capitalists provide seed capital.
56.	Small Business Development Centers	A partnership between the U.S. Small Business Administration (SBA) and typically a local college or university designed to help foster small businesses by providing educational resources to business owners and those looking to start a business. Small Business Development Centers provide free marketing, financing and business-related activities to local entrepreneurs.
57.	Small Enterprise	A Small enterprise is a firm with total annual sales or turnover in the range of fifteen million to seventy five million (>J\$ 15million ≤ J\$75million). Employment of these firms are between eleven to fifty employees (11-50).



<b>Glossary of MSME Related Terms</b>		
<b>Term</b>		<b>Definition</b>
58.	Social Enterprise	A type of not-for-profit business that employs people and earns income along accepted business norms in order to help address perceived social or environmental issues.
59.	Sole Trader	A type of business entity which is owned and run by one individual and where there is no legal distinction between the owner and the business. (Also known as a sole proprietorship).
60.	Special Economic Zones	A special economic zone (SEZ) refers to designated areas in countries with special economic regulations that differ from other areas in the same country. These regulations tend to contain measures that are conducive to foreign direct investment. Conducting business in a SEZ usually means a company receives tax incentives and the opportunity to pay lower tariffs.
61.	Standards	A standard is a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose. (ISO)
62.	Startup	Early stage in the life cycle of an enterprise where the entrepreneur moves from the idea stage to securing financing, laying down the basis structure of the business, and initiating operations or trading.
63.	Start-up Capital	The money required to start a new business, whether for office space, permits, licenses, inventory, product development and manufacturing, marketing or any other expense.
64.	Supply Chain	The entire network of entities, directly or indirectly interlinked and interdependent in serving the same consumer or customer. Supply chains underlie value-chains because, without them, no producer has the ability to give customers what they want, when and where they want, at the price they want.
65.	Technical Regulations	Document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.
66.	Third Sector	Voluntary or non-profit sector of an economy; "an intermediary space between business and government where private energy can be deployed for public good". (Also called tertiary sector.)
67.	Trademark	A distinctive name, symbol, motto or emblem that identifies a product, service or firm that has been legally registered as the property of the firm. Trademarks grant the owner the right to prevent competitors from using similar marks in selling or advertising.
68.	Unbanked	Referring to a person who does not have a bank account.

<b>Glossary of MSME Related Terms</b>		
<b>Term</b>		<b>Definition</b>
69.	Undercapitalization	Starting a new business without enough money to carry through the start-up phase, especially if the business is likely to initially operate at a loss. Undercapitalization is a frequent cause of new business failure.
70.	Valley of Death or Death Valley Curve	Colloquial term for the period of time after start-up companies receive venture capital funds but before they start to generate revenues. Death valley curves refer to the fact that a startup is more likely to fail before it can establish a steady stream of revenue.
71.	Value Chain	Interlinked value-adding activities that convert inputs into outputs which, in turn, help to create competitive advantage. A value chain typically consists of (1) inbound distribution or logistics, (2) manufacturing operations, (3) outbound distribution or logistics, (4) marketing and selling, and (5) after-sales service. These activities are supported by (6) purchasing or procurement, (7) research and development, (8) human resource development, (9) and corporate infrastructure.
72.	Value Chain Analysis	Examination of the value chain of an enterprise to ascertain how much and at which stage value is added to its goods and/or services, and how it can be increased to enhance the product differentiation (competitive advantage)
73.	Venture Capital Fund	Pooled investment that uses the money from third party investors, such as investment banks or wealthy investors to invest in business projects. Businesses that seek venture capital often carry more risk, and are either unwilling to pay interest on bank or market loans or are unable to obtain them.
74.	Venture Capital	Growth equity capital or loan capital provided by private investors (or specialized financial institutions). Also called risk capital.
75.	Women Owned Business	A company in which most of the shares are owned by female members.
76.	Youth	Various definitions according to source and target of an initiative but Jamaica's National Youth Policy defines as persons between the ages of 15-24.

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